

111TH CONGRESS
2^D SESSION

S. 3738

To amend the Internal Revenue Code of 1986 to provide incentives for clean energy manufacturing, to reduce emissions, to produce renewable energy, to promote conservation, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 5, 2010

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

A BILL

To amend the Internal Revenue Code of 1986 to provide incentives for clean energy manufacturing, to reduce emissions, to produce renewable energy, to promote conservation, 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, ETC.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Clean Energy Technology Leadership Act of 2010”.

6 (b) **REFERENCE.**—Except as otherwise expressly pro-
7 vided, whenever in this Act an amendment or repeal is
8 expressed in terms of an amendment to, or repeal of, a

1 section or other provision, the reference shall be consid-
 2 ered to be made to a section or other provision of the In-
 3 ternal Revenue Code of 1986.

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

Sec. 1. Short title, etc.

TITLE I—CLEAN ENERGY MANUFACTURING

Sec. 101. Extension and modification of the qualifying advanced energy project credit.

Sec. 102. Extension and modification of energy efficient appliance credit.

Sec. 103. Enhanced deduction for production of advanced alternative energy technology.

TITLE II—RENEWABLE ENERGY

Sec. 201. Elective payment for specified energy property.

Sec. 202. Extension and expansion of new clean renewable energy bonds.

Sec. 203. Increased research credit for energy research.

TITLE III—PROMOTING CONSERVATION

Sec. 301. Extension of new energy efficient home credit.

Sec. 302. Extension and modification of nonbusiness energy credit.

Sec. 303. Energy efficient commercial buildings deduction.

TITLE IV—TRANSPORTATION

Sec. 401. Credit for qualified natural gas motor vehicles.

Sec. 402. Natural gas vehicle bonds.

Sec. 403. Incentives for manufacturing facilities producing vehicles fueled by compressed or liquified natural gas.

Sec. 404. Transportation fringe benefits.

Sec. 405. Alternative fuel vehicle refueling property.

TITLE V—ALTERNATIVE FUELS

Sec. 501. Extension of incentives for biodiesel and renewable diesel.

Sec. 502. Inclusion of algae-based biofuel in definition of cellulosic biofuel.

TITLE VI—OTHER PROVISIONS

Sec. 601. Report on the utilization of tax incentives.

1 **TITLE I—CLEAN ENERGY**
2 **MANUFACTURING**

3 **SEC. 101. EXTENSION AND MODIFICATION OF THE QUALI-**
4 **FYING ADVANCED ENERGY PROJECT CREDIT.**

5 (a) CERTAIN PROJECTS ELIGIBLE FOR CREDIT
6 WITHOUT LIMITATION.—

7 (1) IN GENERAL.—Subsection (a) of section
8 48C is amended by striking “an amount equal to”
9 and all that follows and inserting “an amount equal
10 to the sum of—

11 “(1) 30 percent of the basis of the statutory ad-
12 vanced energy property placed in service by the tax-
13 payer during such taxable year, plus

14 “(2) 30 percent of the qualified investment for
15 such taxable year with respect to any qualifying ad-
16 vanced energy project of the taxpayer.”.

17 (2) STATUTORY ADVANCED ENERGY PROP-
18 ERTY.—Subsection (c) of section 48C is amended by
19 adding at the end the following new paragraph:

20 “(3) STATUTORY ADVANCED ENERGY PROP-
21 ERTY.—

22 “(A) IN GENERAL.—The term ‘statutory
23 advanced energy property’ means any eligible
24 property used exclusively to manufacture or
25 fabricate—

1 “(i) equipment which uses solar en-
2 ergy to generate electricity,

3 “(ii) fuel cell power plants (as defined
4 in section 48(c)(1)(C)), or

5 “(iii) systems for the electro-chemical
6 storage of electricity (other than lead-acid
7 batteries) for use—

8 “(I) in electric or hybrid-electric
9 motor vehicles, or

10 “(II) in connection with electric
11 grids.

12 “(B) TERMINATION.—Such term shall not
13 include any property for any period after De-
14 cember 31, 2014.”.

15 (3) DENIAL OF DOUBLE BENEFIT.—Subsection
16 (e) of section 48C is amended by adding at the end
17 the following: “Statutory advanced energy property
18 shall not be taken into account in determining the
19 qualified investment in any qualifying advanced en-
20 ergy project.”.

21 (b) EXTENSION AND MODIFICATION OF THE QUALI-
22 FYING ADVANCED ENERGY PROJECT PROGRAM.—

23 (1) ADDITIONAL LIMITATION AMOUNT TO BE
24 COMPETITIVELY ALLOCATED BY SECRETARY.—Sub-

1 paragraph (B) of section 48C(d)(1) is amended to
2 read as follows:

3 “(B) LIMITATION.—The total amount of
4 qualified investments which may be designated
5 under such program shall not exceed the
6 amount which will result in the total amount of
7 credits allowed under such program being equal
8 to the sum of the following amounts:

9 “(i) 2009 LIMITATION AMOUNT.—
10 \$2,300,000,000.

11 “(ii) 2010 LIMITATION AMOUNT.—
12 \$3,000,000,000.”.

13 (2) MANUFACTURING OF PROPERTY USED TO
14 PRODUCE COMPOSITE UTILITY POLES.—Clause (i) of
15 section 48C(c)(1)(A) is amended by striking “or” at
16 the end of subclause (VI), by redesignating sub-
17 clause (VII) as subclause (VIII), and by inserting
18 after subclause (VI) the following new subclause:

19 “(VII) utility poles or supports
20 made from composite materials which
21 are comprised of at least 15 percent
22 recycled materials and are fully recy-
23 clable,”.

24 (3) PREFERENCE IN SELECTION CRITERIA FOR
25 MANUFACTURING.—Paragraph (3) of section 48C(d)

1 is amended by striking “and” at the end of subpara-
 2 graph (A), by striking the period at the end of sub-
 3 paragraph (B) and inserting “, and”, and by adding
 4 at the end the following new subparagraph:

5 “(C) shall give the lowest priority to
 6 projects which merely assemble components.”.

7 (c) ELECTIVE DIRECT PAYMENT OF CREDIT.—Chap-
 8 ter 65 is amended by adding at the end the following new
 9 subchapter:

10 **“Subchapter C—Direct Payment Provisions**

“Sec. 6451. Elective payment for qualifying advanced energy project credit.

11 **“SEC. 6451. ELECTIVE PAYMENT FOR QUALIFYING AD-
 12 VANCED ENERGY PROJECT CREDIT.**

13 “(a) IN GENERAL.—Any person electing the applica-
 14 tion of this section with respect to any qualifying advanced
 15 energy property placed in service by such person during
 16 the taxable year shall be treated as making a payment
 17 against the tax imposed by subtitle A for the taxable year
 18 equal to 85 percent of the credit which would (but for sub-
 19 section (d)) be determined under section 48C with respect
 20 to such property for such taxable year. Such payment shall
 21 be treated as made on the later of the due date of the
 22 return of such tax or the date on which such return is
 23 filed.

1 “(b) QUALIFYING ADVANCED ENERGY PROPERTY.—

2 For purposes of this section, the term ‘qualifying advanced

3 energy property’ means—

4 “(1) statutory advanced energy property (as de-
5 fined in section 48C(c)(3)), and

6 “(2) eligible property (as defined in section
7 48C(c)(2)) which is part of a qualifying advanced
8 energy project (as defined in section 48C(c)(1)).

9 “(c) SPECIAL RULES FOR CERTAIN NON-TAX-
10 PAYERS.—

11 “(1) DENIAL OF PAYMENT.—Subsection (a)
12 shall not apply with respect to any property origi-
13 nally placed in service by—

14 “(A) any governmental entity,

15 “(B) any organization described in section
16 501(c) or 401(a) and exempt from tax under
17 section 501(a), or

18 “(C) any entity referred to in paragraph
19 (4) of section 54(j).

20 “(2) EXCEPTION FOR PROPERTY USED IN UN-
21 RELATED TRADE OR BUSINESS.—Paragraph (1)
22 shall not apply with respect to any property origi-
23 nally placed in service by an entity described in sec-
24 tion 511(a)(2) if substantially all of the income de-

1 rived from such property by such entity is unrelated
2 business taxable income (as defined in section 512).

3 “(3) SPECIAL RULES FOR PARTNERSHIPS AND
4 S CORPORATIONS.—In the case of property originally
5 placed in service by a partnership or an S corpora-
6 tion—

7 “(A) the election under subsection (a) may
8 be made only by such partnership or S corpora-
9 tion,

10 “(B) such partnership or S corporation
11 shall be treated as making the payment referred
12 to in subsection (a) only to the extent of the
13 proportionate share of such partnership or S
14 corporation as is owned by persons who would
15 be treated as making such payment if the prop-
16 erty were originally placed in service by such
17 persons, and

18 “(C) the return required to be made by
19 such partnership or S corporation under section
20 6031 or 6037 (as the case may be) shall be
21 treated as a return of tax for purposes of sub-
22 section (a).

23 For purposes of subparagraph (B), rules similar to the
24 rules of section 168(h)(6) (other than subparagraph (F)
25 thereof) shall apply.

1 “(d) COORDINATION WITH QUALIFYING ADVANCED
2 ENERGY PROJECT CREDIT.—

3 “(1) DENIAL OF DOUBLE BENEFIT.—No credit
4 shall be determined under section 48C with respect
5 to any property with respect to which an election is
6 made under this section for the taxable year in
7 which such property is placed in service or any sub-
8 sequent taxable year.

9 “(2) FULL CREDIT AMOUNT TO COUNT AGAINST
10 PROGRAM LIMITATION.—For purposes of admin-
11 istering the qualifying advanced energy project pro-
12 gram under subsection (d) of section 48C, the full
13 amount of the credit with respect to which the pay-
14 ment under subsection (a) is determined shall be
15 treated as allowed under such program.

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

18 “(1) APPLICATION OF RECAPTURE RULES,
19 ETC.—Except as otherwise provided by the Sec-
20 retary—

21 “(A) IN GENERAL.—Except as otherwise
22 provided in this paragraph, rules similar to the
23 rules of section 50, and section 1603 of the
24 American Recovery and Reinvestment Act of
25 2009, shall apply.

1 “(B) EXCEPTION TO LIMITATION ON REAL
2 ESTATE INVESTMENT TRUSTS, ETC.—Para-
3 graph (1) of section 50(d) shall not apply.

4 “(C) APPLICATION OF NORMALIZATION
5 RULES.—Paragraph (2) of section 50(d) shall
6 not apply with respect to property placed in
7 service by a person in the trade or business of
8 furnishing or selling electrical energy if any law
9 or regulation requires that not less than a cer-
10 tain amount of the electrical energy so fur-
11 nished or sold by such person be derived from
12 one or more renewable resources.

13 “(2) PROVISION OF INFORMATION.—A person
14 shall not be treated as having elected the application
15 of this section unless the taxpayer provides such in-
16 formation as the Secretary (in consultation with the
17 Secretary of Energy) may require for purposes of
18 verifying the proper amount to be treated as a pay-
19 ment under subsection (a) and evaluating the effec-
20 tiveness of this section.

21 “(3) EXCLUSION FROM GROSS INCOME.—Any
22 credit or refund allowed or made by reason of this
23 section shall not be includible in gross income or al-
24 ternative minimum taxable income.”.

1 (d) CONFORMING AMENDMENTS RELATED TO DI-
2 RECT PAYMENT.—

3 (1) Subparagraph (A) of section 6211(b)(4)(A)
4 is amended by inserting “and subchapter C of chap-
5 ter 65 (including any payment treated as made
6 under such subchapter)” after “6431”.

7 (2) Subparagraph (B) of section 6425(c)(1) is
8 amended—

9 (A) by striking “the credits” and inserting
10 “the sum of—

11 “(i) the credits”,

12 (B) by striking the period at the end of
13 clause (i) thereof (as amended by this para-
14 graph) and inserting “, plus”, and

15 (C) by adding at the end the following new
16 clause:

17 “(ii) the payments treated as made
18 under subchapter C of chapter 65.”.

19 (3) Paragraph (3) of section 6654(f) is amend-
20 ed—

21 (A) by striking “the credits” and inserting
22 “the sum of—

23 “(A) the credits”,

1 (B) by striking the period at the end of
2 subparagraph (A) thereof (as amended by this
3 paragraph) and inserting “, and”, and

4 (C) by adding at the end the following new
5 subparagraph:

6 “(B) the payments treated as made under
7 subchapter C of chapter 65.”.

8 (4) Subparagraph (B) of section 6655(g)(1) is
9 amended—

10 (A) by striking “the credits” and inserting
11 “the sum of—

12 “(i) the credits”,

13 (B) by striking the period at the end of
14 clause (i) thereof (as amended by this para-
15 graph) and inserting “, plus”, and

16 (C) by adding at the end the following new
17 clause:

18 “(ii) the payments treated as made
19 under subchapter C of chapter 65.”.

20 (5) Paragraph (2) of section 1324(b) of title
21 31, United States Code, is amended by inserting “,
22 or from the provisions of subchapter C of chapter 65
23 of such Code” before the period at the end.

1 (6) The table of subchapters for chapter 65 is
 2 amended by adding at the end the following new
 3 item:

“SUBCHAPTER C. DIRECT PAYMENT PROVISIONS”.

4 (e) OTHER CONFORMING AMENDMENTS.—

5 (1) Paragraph (3) of section 48C(b) is amended
 6 to read as follows:

7 “(3) LIMITATION.—The amount which is treat-
 8 ed as a qualified investment for all taxable years
 9 with respect to any qualifying advanced manufac-
 10 turing project shall not exceed the amount des-
 11 ignated by the Secretary under subsection (d).”.

12 (2) Subparagraph (A) of section 48C(e)(2) is
 13 amended by inserting “in the case of a qualifying
 14 advanced energy project,” before “which is nec-
 15 essary”.

16 (3) Subparagraph (A) of section 48C(d)(2) is
 17 amended—

18 (A) by striking “during the 2-year period”
 19 and inserting “during the—

20 “(i) in the case of an allocation from
 21 the limitation described in paragraph
 22 (1)(B)(i), the 2-year period”,

23 (B) by striking the period at the end and
 24 inserting “, or”, and

1 (C) by adding at the end the following new
2 clause:

3 “(ii) in the case of an allocation from
4 the limitation described in paragraph
5 (1)(B)(ii), the 1-year period beginning on
6 the date of the enactment of this clause.”.

7 (4) Clause (v) of section 49(a)(1)(C) is amend-
8 ed by inserting “which is statutory advanced energy
9 property (as defined in section 48C(c)(3)) or” after
10 “the basis of any property”.

11 (f) EFFECTIVE DATE.—

12 (1) IN GENERAL.—Except as provided in para-
13 graph (2), the amendments made by this section
14 shall apply to periods after the date of the enact-
15 ment of this Act, under rules similar to the rules of
16 section 48(m) of the Internal Revenue Code of 1986
17 (as in effect on the day before the date of the enact-
18 ment of the Revenue Reconciliation Act of 1990).

19 (2) DIRECT PAYMENT PROVISIONS.—The
20 amendments made by subsections (c) and (d) shall
21 apply to property placed in service after the date of
22 the enactment of this Act.

1 **SEC. 102. EXTENSION AND MODIFICATION OF ENERGY EF-**
2 **FICIENT APPLIANCE CREDIT.**

3 (a) DISHWASHERS.—Paragraph (1) of section
4 45M(b) is amended by striking “and” at the end of sub-
5 paragraph (A), by striking the period at the end of sub-
6 paragraph (B) and inserting a comma, and by adding at
7 the end the following new subparagraphs:

8 “(C) \$25 in the case of a dishwasher which
9 is manufactured in calendar year 2011 and
10 which uses no more than 307 kilowatt hours
11 per year and 5.0 gallons per cycle (5.5 gallons
12 per cycle for dishwashers designed for greater
13 than 12 place settings),

14 “(D) \$50 in the case of a dishwasher
15 which is manufactured in calendar year 2011,
16 2012, or 2013 and which uses no more than
17 295 kilowatt hours per year and 4.25 gallons
18 per cycle (4.75 gallons per cycle for dishwashers
19 designed for greater than 12 place settings),
20 and

21 “(E) \$75 in the case of a dishwasher
22 which is manufactured in calendar year 2011,
23 2012, or 2013 and which uses no more than
24 280 kilowatt hours per year and 4 gallons per
25 cycle (4.5 gallons per cycle for dishwashers de-
26 signed for greater than 12 place settings).”.

1 (b) CLOTHES WASHERS.—Paragraph (2) of section
2 45M(b) is amended by striking “and” at the end of sub-
3 paragraph (C), by striking the period at the end of sub-
4 paragraph (D) and inserting a comma, and by adding at
5 the end the following new subparagraphs:

6 “(E) \$175 in the case of a top-loading
7 clothes washer manufactured in calendar year
8 2011 which meets or exceeds a 2.2 modified en-
9 ergy factor and does not exceed a 4.5 water
10 consumption factor, and

11 “(F) \$225 in the case of a clothes washer
12 manufactured in calendar year 2011, 2012, or
13 2013—

14 “(i) which is a top-loading clothes
15 washer and which meets or exceeds a 2.4
16 modified energy factor and does not exceed
17 a 4.2 water consumption factor, or

18 “(ii) which is a front-loading clothes
19 washer and which meets or exceeds a 2.8
20 modified energy factor and does not exceed
21 a 3.5 water consumption factor.”.

22 (c) REFRIGERATORS.—Paragraph (3) of section
23 45M(b) is amended by striking “and” at the end of sub-
24 paragraph (C), by striking the period at the end of sub-

1 paragraph (D) and inserting a comma, and by adding at
2 the end the following new subparagraphs:

3 “(E) \$150 in the case of a refrigerator
4 manufactured in calendar year 2011, 2012, or
5 2013 which consumes at least 30 percent less
6 energy than the 2001 energy conservation
7 standards, and

8 “(F) \$200 in the case of a refrigerator
9 manufactured in calendar year 2011, 2012, or
10 2013 which consumes at least 35 percent less
11 energy than the 2001 energy conservation
12 standards.”.

13 (d) REBASING OF LIMITATIONS.—

14 (1) IN GENERAL.—Paragraph (1) of section
15 45M(e) is amended by striking “December 31,
16 2007” and inserting “December 31, 2010”.

17 (2) EXCEPTION FOR CERTAIN REFRIGERATORS
18 AND CLOTHES WASHERS.—Paragraph (2) of section
19 45M(e) is amended—

20 (A) by striking “subsection (b)(3)(D)” and
21 inserting “subsection (b)(3)(F)”, and

22 (B) by striking “subsection (b)(2)(D)” and
23 inserting “subsection (b)(2)(F)”.

1 (3) GROSS RECEIPTS LIMITATION.—Paragraph
2 (3) of section 45M(e) is amended by striking “2 per-
3 cent” and inserting “4 percent”.

4 (e) EFFECTIVE DATE.—

5 (1) IN GENERAL.—Except as provided in para-
6 graph (2), the amendments made by this section
7 shall apply to appliances produced after December
8 31, 2010.

9 (2) LIMITATIONS.—The amendments made by
10 subsection (d) shall apply to taxable years beginning
11 after December 31, 2010.

12 **SEC. 103. ENHANCED DEDUCTION FOR PRODUCTION OF**
13 **ADVANCED ALTERNATIVE ENERGY TECH-**
14 **NOLOGY.**

15 (a) IN GENERAL.—Section 199 is amended by adding
16 at the end the following new subsection:

17 “(e) ENHANCED DEDUCTION FOR MANUFACTURERS
18 OF ALTERNATIVE ENERGY PRODUCTS.—

19 “(1) IN GENERAL.—In the case of a taxpayer
20 with domestic alternative energy production gross re-
21 ceipts with respect to any taxable year beginning
22 after December 31, 2010, and before January 1,
23 2013—

24 “(A) this section shall be applied sepa-
25 rately with respect to qualified production ac-

1 activities income attributable to such domestic al-
2 ternative energy production gross receipts and
3 qualified production activities income attrib-
4 utable to other domestic production gross re-
5 ceipts, and

6 “(B) in applying this section to qualified
7 production activities income attributable to such
8 domestic alternative energy production gross re-
9 ceipts—

10 “(i) subsection (a)(1) shall be applied
11 by substituting ‘12 percent’ for ‘9 percent’,
12 and

13 “(ii) subsection (b)(2)(B) shall be ap-
14 plied by substituting ‘domestic alternative
15 energy production gross receipts’ for ‘do-
16 mestic production gross receipts’.

17 “(2) DOMESTIC ALTERNATIVE ENERGY PRO-
18 DUCTION GROSS RECEIPTS.—For purposes of this
19 subsection, the term ‘domestic alternative energy
20 production gross receipts’ means the gross receipts
21 of the taxpayer derived from the manufacturing of
22 qualifying production property which is—

23 “(A) described in clause (i) of section
24 48C(c)(1)(A),

1 “(B) qualified high efficiency transmission
2 property, or

3 “(C) qualified advanced electric trans-
4 mission property.

5 “(3) QUALIFIED HIGH EFFICIENCY TRANS-
6 MISSION PROPERTY.—For purposes of this sub-
7 section, the term ‘qualified high efficiency trans-
8 mission property’ means any high voltage overhead
9 electric transmission line, related substation, or
10 other integrated facility that—

11 “(A) utilizes advanced conductor core tech-
12 nology that has been determined by the Sec-
13 retary of Energy as—

14 “(i) reasonably likely to become com-
15 mercially viable not later than the date
16 which is 10 years after the date of the en-
17 actment of this subsection,

18 “(ii) is suitable for use on trans-
19 mission lines up to 765 kV, and

20 “(iii) exhibits power losses at least 30
21 percent lower than that of transmission
22 lines using conventional ACSR conductors,

23 “(B) has been determined by an appro-
24 priate energy regulatory body, upon application,

1 to be in the public interest and thereby eligible
2 for inclusion in regulated rates, and

3 “(C) can be located safely and economi-
4 cally in a right of way not to exceed that used
5 by conventional ACSR conductors.

6 “(4) QUALIFIED ADVANCED ELECTRIC TRANS-
7 MISSION PROPERTY.—For purposes of this sub-
8 section, the term ‘qualified advanced electric trans-
9 mission property’ means any high voltage electric
10 transmission cable, related substation, converter sta-
11 tion, or other integrated facility that—

12 “(A) utilizes advanced ultra low resistance
13 superconductive material or other advanced
14 technology that has been determined by the
15 Secretary of Energy as—

16 “(i) reasonably likely to become com-
17 mercially viable not later than the date
18 which is 10 years after the date of the en-
19 actment of this subsection,

20 “(ii) capable of reliably transmitting
21 at least 5 gigawatts of high-voltage electric
22 energy for distances greater than 300
23 miles with energy losses not exceeding 3
24 percent of the total power transported, and

1 “(iii) not creating an electromagnetic
2 field,

3 “(B) has been determined by an appro-
4 priate energy regulatory body, upon application,
5 to be in the public interest and thereby eligible
6 for inclusion in regulated rates, and

7 “(C) can be located safely and economi-
8 cally in a permanent underground right of way
9 not to exceed 25 feet in width.

10 “(5) RELATED PERSONS.—Rules similar to the
11 rules of subsection (c)(7) shall apply for purposes of
12 this subsection.”.

13 (b) REGULATIONS.—Not later than 120 days after
14 the date of the enactment of this Act, the Secretary of
15 the Treasury (or the Secretary’s delegate) shall issue regu-
16 lations with respect to a process for determining whether
17 property is described in section 199(e)(2) of the Internal
18 Revenue Code of 1986 for purposes of the deduction under
19 section 199 of such Code.

20 (c) EFFECTIVE DATE.—The amendment made by
21 subsection (a) shall apply to taxable years beginning after
22 December 31, 2010.

1 **TITLE II—RENEWABLE ENERGY**

2 **SEC. 201. ELECTIVE PAYMENT FOR SPECIFIED ENERGY**
 3 **PROPERTY.**

4 (a) ELECTIVE PAYMENTS.—

5 (1) IN GENERAL.—Subchapter C of chapter 65,
 6 as added by section 101, is amended by adding at
 7 the end the following new section:

8 **“SEC. 6452. ELECTIVE PAYMENT FOR SPECIFIED ENERGY**
 9 **PROPERTY.**

10 “(a) IN GENERAL.—Any person electing the applica-
 11 tion of this section with respect to any specified energy
 12 property originally placed in service by such person during
 13 the taxable year shall be treated as making a payment
 14 against the tax imposed by subtitle A for the taxable year
 15 equal to the applicable percentage of the basis of such
 16 property. Such payment shall be treated as made on the
 17 later of the due date of the return of such tax or the date
 18 on which such return is filed.

19 “(b) APPLICABLE PERCENTAGE.—For purposes of
 20 this section, the term ‘applicable percentage’ means—

21 “(1) 30 percent in the case of any property de-
 22 scribed in paragraph (2)(A)(i) or (5) of section
 23 48(a), and

24 “(2) 10 percent in the case of any other prop-
 25 erty.

1 “(c) DOLLAR LIMITATIONS.—In the case of property
2 described in paragraph (1), (2), or (3) of section 48(c),
3 the payment otherwise treated as made under subsection
4 (a) with respect to such property shall not exceed the limi-
5 tation applicable to such property under such paragraph.

6 “(d) SPECIFIED ENERGY PROPERTY.—For purposes
7 of this section—

8 “(1) IN GENERAL.—The term ‘specified energy
9 property’ means energy property (within the mean-
10 ing of section 48) which—

11 “(A) is originally placed in service before
12 January 1, 2013, or

13 “(B) is originally placed in service on or
14 after such date and before the credit termi-
15 nation date with respect to such property, but
16 only if the construction of such property began
17 before January 1, 2013.

18 “(2) CREDIT TERMINATION DATE.—The term
19 ‘credit termination date’ means—

20 “(A) in the case of any energy property
21 which is part of a facility described in para-
22 graph (1) of section 45(d), January 1, 2013,

23 “(B) in the case of any energy property
24 which is part of a facility described in para-

1 graph (2), (3), (4), (6), (7), (9), or (11) of sec-
2 tion 45(d), January 1, 2014, and

3 “(C) in the case of any energy property de-
4 scribed in section 48(a)(3), January 1, 2017.

5 In the case of any property which is described in
6 subparagraph (C) and also in another subparagraph
7 of this paragraph, subparagraph (C) shall apply with
8 respect to such property.

9 “(e) COORDINATION WITH PRODUCTION AND IN-
10 VESTMENT CREDITS.—In the case of any property with
11 respect to which an election is made under this section—

12 “(1) DENIAL OF PRODUCTION AND INVEST-
13 MENT CREDITS.—No credit shall be determined
14 under section 45 or 48 with respect to such property
15 for the taxable year in which such property is origi-
16 nally placed in service or any subsequent taxable
17 year.

18 “(2) REDUCTION OF PAYMENT BY PROGRESS
19 EXPENDITURES ALREADY TAKEN INTO ACCOUNT.—
20 The amount of the payment treated as made under
21 subsection (a) with respect to such property shall be
22 reduced by the aggregate amount of credits deter-
23 mined under section 48 with respect to such prop-
24 erty for all taxable years preceding the taxable year
25 in which such property is originally placed in service.

1 “(f) SPECIAL RULES FOR CERTAIN NON-TAX-
2 PAYERS.—

3 “(1) DENIAL OF PAYMENT.—Subsection (a)
4 shall not apply with respect to any property origi-
5 nally placed in service by—

6 “(A) any governmental entity other than a
7 governmental unit which is a State utility with
8 a service obligation (as such terms are defined
9 in section 217 of the Federal Power Act), or

10 “(B) any organization described in section
11 501(c) (other than a mutual or cooperative elec-
12 tric company described in section 501(c)(12))
13 or 401(a) and exempt from tax under section
14 501(a).

15 “(2) EXCEPTION FOR PROPERTY USED IN UN-
16 RELATED TRADE OR BUSINESS.—Paragraph (1)
17 shall not apply with respect to any property origi-
18 nally placed in service by an entity described in sec-
19 tion 511(a)(2) if substantially all of the income de-
20 rived from such property by such entity is unrelated
21 business taxable income (as defined in section 512).

22 “(3) SPECIAL RULES FOR PARTNERSHIPS AND
23 S CORPORATIONS.—In the case of property originally
24 placed in service by a partnership or an S corpora-
25 tion—

1 “(A) the election under subsection (a) may
2 be made only by such partnership or S corpora-
3 tion,

4 “(B) such partnership or S corporation
5 shall be treated as making the payment referred
6 to in subsection (a) only to the extent of the
7 proportionate share of such partnership or S
8 corporation as is owned by persons who would
9 be treated as making such payment if the prop-
10 erty were originally placed in service by such
11 persons, and

12 “(C) the return required to be made by
13 such partnership or S corporation under section
14 6031 or 6037 (as the case may be) shall be
15 treated as a return of tax for purposes of sub-
16 section (a).

17 For purposes of subparagraph (B), rules similar to the
18 rules of section 168(h)(6) (other than subparagraph (F)
19 thereof) shall apply. For purposes of applying such rules,
20 the term ‘tax-exempt entity’ shall not include any entity
21 which is a governmental unit which is a State utility with
22 a service obligation (as such terms are defined in section
23 217 of the Federal Power Act) or which is a mutual or
24 cooperative electric company described in section
25 501(c)(12).

1 “(g) OTHER DEFINITIONS AND SPECIAL RULES.—

2 For purposes of this section—

3 “(1) OTHER DEFINITIONS.—Terms used in this
4 section which are also used in section 45 or 48 shall
5 have the same meanings for purposes of this section
6 as when used in such sections.

7 “(2) APPLICATION OF CERTAIN RULES.—Rules
8 similar to the rules of subsection (e) of section 6451
9 shall apply for purposes of this section.

10 “(3) EXCEPTION FOR CERTAIN PROJECTS.—
11 Subsection (a) shall not apply to any governmental
12 unit or cooperative electric company (as defined in
13 section 54(j)(1)) with respect to any specified energy
14 property which is described in section 48(a)(5)(D) if
15 such entity has issued any bond—

16 “(A) which is designated as a clean renew-
17 able energy bond under section 54 of the Inter-
18 nal Revenue Code of 1986 or as a new clean re-
19 newable energy bond under section 54C of such
20 Code, and

21 “(B) the proceeds of which are used for ex-
22 penditures in connection with the same quali-
23 fied facility with respect to which such specified
24 energy property is a part.

1 “(4) COORDINATION WITH GRANT PROGRAM.—
 2 If a grant under section 1603 of the American Re-
 3 covery and Reinvestment Tax Act of 2009 is made
 4 with respect to any specified energy property—

5 “(A) no election may be made under sub-
 6 section (a) with respect to such property on or
 7 after the date of such grant, and

8 “(B) if such grant is made after such elec-
 9 tion, such property shall be treated as having
 10 ceased to be specified energy property imme-
 11 diately after such property was originally placed
 12 in service.”.

13 (2) CLERICAL AMENDMENT.—The table of sec-
 14 tions for subchapter C of chapter 65, as added by
 15 section 101, is amended by adding at the end the
 16 following new item:

“Sec. 6452. Elective payment for specified energy property.”.

17 (b) TREATMENT OF GRANTS FOR COOPERATIVE
 18 ELECTRIC COMPANIES.—Section 501(c)(12) is amended
 19 by adding at the end the following new subparagraph:

20 “(I) In the case of a mutual or cooperative
 21 electric company described in this paragraph or
 22 an organization described in section
 23 1381(a)(2)(C), subparagraph (A) shall be ap-
 24 plied without taking into account any payment
 25 made by reason of section 6452.”.

1 (c) TECHNICAL AMENDMENTS.—

2 (1) Paragraphs (1) and (2) of section 1603(a)
3 of the American Recovery and Reinvestment Tax
4 Act of 2009 are each amended by striking “is placed
5 in service” and inserting “is originally placed in
6 service by such person”.

7 (2) Paragraph (1) of section 1603(d) of such
8 Act is amended—

9 (A) by striking “(within the meaning of
10 section 45 of such Code)”, and

11 (B) by inserting before the period at the
12 end the following: “which would (but for section
13 48(d)(1) of such Code) be eligible for credit
14 under section 45 of such Code (determined
15 without regard to subsection (a)(2)(B) there-
16 of)”.

17 (3) Subsection (f) of section 1603 of such Act
18 is amended—

19 (A) by striking the second sentence and in-
20 serting the following: “In applying such rules,
21 any increase in tax under chapter 1 of such
22 Code by reason of the property being disposed
23 of (or otherwise ceasing to be specified energy
24 property) shall be imposed on the person to
25 whom the grant was made.”,

1 (B) by striking “In making grants under”
2 and inserting the following:

3 “(1) IN GENERAL.—In making grants under”,
4 and

5 (C) by adding at the end following new
6 paragraph:

7 “(2) SPECIAL RULES.—

8 “(A) RECAPTURE OF EXCESSIVE GRANT
9 AMOUNTS.—If the amount of a grant made
10 under this section exceeds the amount allowable
11 as a grant under this section, such excess shall
12 be recaptured under paragraph (1) as if the
13 property to which such grant relates were dis-
14 posed of immediately after such grant was
15 made.

16 “(B) GRANT INFORMATION NOT TREATED
17 AS RETURN INFORMATION.—For purposes of
18 section 6103 of the Internal Revenue Code of
19 1986, in no event shall any of the following be
20 treated as return information:

21 “(i) The amount of a grant made
22 under subsection (a).

23 “(ii) The identity of the person to
24 whom the grant was made.

1 “(iii) A description of the property
2 with respect to which the grant was made.

3 “(iv) The fact and amount of any re-
4 capture.

5 “(v) The content of any report re-
6 quired by the Secretary of the Treasury to
7 be filed in connection with the grant.”.

8 (4) Subsection (g) of section 1603 of such Act
9 is amended—

10 (A) by redesignating paragraphs (1)
11 through (4) as subparagraphs (A) through (D),
12 respectively,

13 (B) by moving such subparagraphs (as so
14 redesignated) 2 ems to the right,

15 (C) by striking “paragraph (1), (2), or
16 (3)” in subparagraph (D) (as so redesignated)
17 and inserting “subparagraphs (A), (B), or (C)”,

18 (D) by striking “The Secretary” and in-
19 serting the following:

20 “(1) IN GENERAL.—Except as provided in para-
21 graph (2), the Secretary”, and

22 (E) by adding at the end the following new
23 paragraph:

24 “(2) EXCEPTION WHERE PROPERTY USED IN
25 UNRELATED TRADE OR BUSINESS.—

1 “(A) IN GENERAL.—Paragraph (1) shall
2 not apply to any person or entity described
3 therein to the extent the grant is with respect
4 to unrelated trade or business property.

5 “(B) UNRELATED TRADE OR BUSINESS
6 PROPERTY.—For purposes of this paragraph,
7 the term ‘unrelated trade or business property’
8 means any property with respect to which sub-
9 stantially all of the income derived therefrom by
10 an organization described in section 511(a)(2)
11 of the Internal Revenue Code of 1986 is subject
12 to tax under section 511 of such Code.

13 “(C) INFORMATION WITH RESPECT TO
14 PASS-THRU.—In the case of a partnership or
15 other pass-thru entity, partners or other holders
16 of an equity or profits interest must provide to
17 such partnership or entity such information as
18 the Secretary may require to carry out the pur-
19 poses of this subsection.”.

20 (d) EFFECTIVE DATE.—

21 (1) IN GENERAL.—Except as provided in para-
22 graph (2), the amendments made by this section
23 shall apply to property originally placed in service
24 after the date of the enactment of this Act.

1 TIONAL” in the heading thereof and inserting “2009
2 ADDITIONAL”.

3 (b) ENERGY STORAGE SYSTEMS AND BIOGAS PROP-
4 erty MADE ELIGIBLE FOR FINANCING.—Paragraph (1)
5 of section 54C(d) is amended by inserting “or an energy
6 storage system used in connection with electric grids to
7 support the use of intermittent sources of renewable en-
8 ergy” before “owned by”.

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

12 **SEC. 203. INCREASED RESEARCH CREDIT FOR ENERGY RE-**
13 **SEARCH.**

14 (a) IN GENERAL.—Section 41 is amended by redesignig-
15 nating subsection (h) as subsection (i) and by inserting
16 after subsection (g) the following new subsection:

17 “(h) ENERGY RESEARCH CREDIT.—In the case of
18 any taxable year beginning in 2011 or 2012—

19 “(1) IN GENERAL.—The amounts determined
20 under paragraphs (1) and (3) of subsection (a) shall
21 each be increased by 10 percent of the qualified en-
22 ergy research expenses for the taxable year.

23 “(2) QUALIFIED ENERGY RESEARCH EX-
24 PENSES.—For purposes of this subsection—

1 “(A) IN GENERAL.—The term ‘qualified
2 energy research expenses’ means so much of the
3 taxpayer’s qualified research expenses as are re-
4 lated to the fields of fuel cells and battery tech-
5 nology, renewable energy and renewable fuels,
6 energy conservation technology, efficient trans-
7 mission and distribution of electricity, and car-
8 bon capture and sequestration.

9 “(B) COORDINATION WITH QUALIFYING
10 ADVANCED ENERGY PROJECT CREDIT.—Such
11 term shall not include expenditures taken into
12 account in determining the amount of the credit
13 under section 48 or 48C.

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

16 “(A) IN GENERAL.—The amount of quali-
17 fied energy research expenses taken into ac-
18 count under subsection (a)(1)(A) shall not ex-
19 ceed the base amount.

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

1 “(i) in the case of subsection
2 (c)(5)(A), 50 percent of the average quali-
3 fied research expenses for the 3 taxable
4 years preceding the taxable year for which
5 the credit is being determined, and

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

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

13 (b) EXTENSION OF CREDIT.—

14 (1) IN GENERAL.—Subparagraph (B) of section
15 41(h)(1) is amended by striking “December 31,
16 2009” and inserting “December 31, 2012”.

17 (2) CONFORMING AMENDMENT.—Subparagraph
18 (D) of section 45C(b)(1) is amended by striking
19 “December 31, 2009” and inserting “December 31,
20 2012”.

21 (c) EFFECTIVE DATES.—

22 (1) INCREASED RESEARCH CREDIT.—The
23 amendments made by subsection (a) shall apply to
24 taxable years beginning after December 31, 2010.

1 (2) EXTENSION.—The amendments made by
2 subsection (b) shall apply to amounts paid or in-
3 curred after December 31, 2009.

4 **TITLE III—PROMOTING** 5 **CONSERVATION**

6 **SEC. 301. EXTENSION OF NEW ENERGY EFFICIENT HOME** 7 **CREDIT.**

8 (a) IN GENERAL.—Section 45L(g) is amended by
9 striking “December 31, 2009” and inserting “December
10 31, 2012”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to qualified new efficient energy
13 homes acquired after December 31, 2009, in taxable years
14 ending after such date.

15 **SEC. 302. EXTENSION AND MODIFICATION OF NONBUSI-** 16 **NESS ENERGY CREDIT.**

17 (a) EXTENSION.—

18 (1) IN GENERAL.—Section 25C(g)(2) is amend-
19 ed by striking “December 31, 2010” and inserting
20 “December 31, 2012”.

21 (2) LIMITATION.—Section 25C(b) is amended
22 by striking “2009 and 2010” and inserting “2009,
23 2010, 2011, and 2012”.

24 (b) MODIFICATION OF STANDARDS FOR WINDOWS,
25 DOORS, AND SKYLIGHTS.—Paragraph (4) of section

1 25C(c) is amended by striking “unless” and all that fol-
2 lows and inserting “unless—

3 “(A) in the case of any component placed
4 in service after the date which is 90 days after
5 the date of the enactment of the Clean Energy
6 Technology Leadership Act of 2010, such com-
7 ponent meets the criteria for such components
8 established by the 2010 Energy Star Program
9 Requirements for Residential Windows, Doors,
10 and Skylights, Version 5.0 (or any subsequent
11 version of such requirements which is in effect
12 after January 4, 2010),

13 “(B) in the case of any component placed
14 in service after the date of the enactment of the
15 Clean Energy Technology Leadership Act of
16 2010 and on or before the date which is 90
17 days after such date, such component meets the
18 criteria described in subparagraph (A) or is
19 equal to or below a U factor of 0.30 and SHGC
20 of 0.30, and

21 “(C) in the case of any component which
22 is a garage door, such component is equal to or
23 below a U factor of 0.30 and SHGC of 0.30.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on the date of the enactment
3 of this Act.

4 **SEC. 303. ENERGY EFFICIENT COMMERCIAL BUILDINGS DE-**
5 **DUCTION.**

6 (a) CERTIFIED HISTORIC STRUCTURES.—Section
7 179D is amended by redesignating subsection (g) as sub-
8 section (h) and by inserting after subsection (f) the fol-
9 lowing new subsection:

10 “(g) SPECIAL RULES FOR CERTIFIED HISTORIC
11 STRUCTURES.—In the case of energy efficient commercial
12 building property installed on or in a certified historic
13 structure (as defined in section 47(c)(3)) in connection
14 with a certified rehabilitation (as defined in section
15 47(c)(2)(C))—

16 “(1) subsection (c)(1)(D) shall be applied by
17 substituting ‘30 percent’ for ‘50 percent’,

18 “(2) subsection (b)(1)(A) shall be applied by
19 substituting ‘\$3.00’ for ‘\$1.80’,

20 “(3) subparagraphs (A) and (C)(i) of sub-
21 section (d)(1) shall be applied by substituting
22 ‘\$1.00’ for ‘\$.60’ and the substitutions described in
23 such subparagraphs shall be made without regard to
24 the substitution described in paragraph (2), and

1 “(4) the amount of any credit under section 47
2 with respect to such property shall be determined
3 without regard to any reduction in the basis of such
4 property under subsection (e).”.

5 (b) ENERGY EFFICIENT ROOFS.—Paragraph (1) of
6 section 179D(d) is amended by adding at the end the fol-
7 lowing new subparagraph:

8 “(C) SPECIAL RULE FOR ENERGY EFFI-
9 CIENT ROOFS.—

10 “(i) IN GENERAL.—If—

11 “(I) the building envelope is not
12 treated as meeting the requirements
13 of subsection (c)(1)(D) under sub-
14 paragraph (A) of this paragraph, but

15 “(II) the roof exceeds the min-
16 imum requirements of Standard 90.1–
17 2001 by 50 percent or more,

18 then the requirement of subsection
19 (c)(1)(D) shall be treated as met with re-
20 spect to the roof, and the deduction under
21 subsection (a) shall be allowed with respect
22 to energy efficient commercial building
23 property installed as part of such roof, ex-
24 cept that subsection (b) shall be applied to

1 such property by substituting ‘the applica-
2 ble percentage of \$.60’ for ‘\$1.80’.

3 “(ii) APPLICABLE PERCENTAGE.—For
4 purposes of this subparagraph, the term
5 ‘applicable percentage’ means the ratio (ex-
6 pressed as a percentage) of—

7 “(I) the square footage of the
8 roof, over

9 “(II) the square footage of the
10 building envelope.”.

11 (c) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to property placed in service after
13 the date of the enactment of this Act.

14 **TITLE IV—TRANSPORTATION**

15 **SEC. 401. CREDIT FOR QUALIFIED NATURAL GAS MOTOR** 16 **VEHICLES.**

17 (a) IN GENERAL.—

18 (1) IN GENERAL.—Subsection (e) of section
19 30B (relating to new qualified alternative fuel motor
20 vehicle credit) is amended by adding at the end the
21 following new paragraphs:

22 “(6) SPECIAL RULES FOR QUALIFIED NATURAL
23 GAS MOTOR VEHICLES.—

24 “(A) IN GENERAL.—In the case of a quali-
25 fied natural gas motor vehicle—

1 “(i) such motor vehicle shall be treat-
2 ed as a new qualified alternative fuel motor
3 vehicle under this subsection,

4 “(ii) paragraph (3) shall be applied by
5 multiplying each of the dollar amounts
6 contained in such paragraph by 2, and

7 “(iii) the credit allowed under this
8 subsection shall be transferrable as pro-
9 vided in subparagraph (B).

10 “(B) TRANSFERABILITY OF CREDIT.—

11 “(i) IN GENERAL.—A taxpayer who
12 places in service qualified natural gas
13 motor vehicle may transfer the credit al-
14 lowed under this subsection with respect to
15 such vehicle through an assignment to the
16 seller, the manufacturer, or the lessee of
17 such vehicle. Such transfer may be revoked
18 only with the consent of the Secretary.

19 “(ii) REGULATIONS.—The Secretary
20 shall prescribe such regulations as nec-
21 essary to ensure that any credit trans-
22 ferred under clause (i) is claimed once and
23 not reassigned by such other person.

24 “(7) QUALIFIED NATURAL GAS MOTOR VEHI-
25 CLE.—

1 “(A) IN GENERAL.—For purposes of this
2 subsection, the term ‘qualified natural gas
3 motor vehicle’ means any motor vehicle—

4 “(i) which is described in subpara-
5 graph (B), (C), or (D),

6 “(ii) the original use of which com-
7 mences with the taxpayer, and

8 “(iii) which is acquired by the tax-
9 payer for use or lease, but not for resale.

10 “(B) HEAVY DUTY VEHICLES.—A motor
11 vehicle is described in this subparagraph if such
12 motor vehicle—

13 “(i) is made by a manufacturer,

14 “(ii) has a gross vehicle weight rating
15 of more than 8,500 pounds, and

16 “(iii) is—

17 “(I) only capable of operating on
18 compressed or liquified natural gas, or

19 “(II) capable of operating for
20 more than 175 miles on 1 fueling of
21 compressed or liquified natural gas
22 and is capable of operating on gaso-
23 line or diesel fuel.

1 “(C) LIGHT AND MEDIUM DUTY VEHI-
2 CLES.—A motor vehicle is described in this sub-
3 paragraph if such motor vehicle—

4 “(i) is made by a manufacturer,

5 “(ii) has a gross vehicle weight rating
6 of not more 8,500 pounds,

7 “(iii) is—

8 “(I) only capable of operating on
9 compressed or liquified natural gas, or

10 “(II) capable of operating for
11 more than 175 miles on 1 fueling of
12 compressed or liquified natural gas
13 and is capable of operating on gaso-
14 line or diesel fuel,

15 “(iv) is of a character subject to de-
16 preciation, and

17 “(v) is acquired by a taxpayer who—

18 “(I) owns and operates not less
19 than 10 motor vehicles in the course
20 of a trade or business at the time of
21 the acquisition, and

22 “(II) has placed in service more
23 than 2 motor vehicles described in
24 clauses (i) through (iv) or described in

1 subparagraph (D)(iii) after the date
2 of the enactment of this paragraph.

3 “(D) CONVERTED OR REPOWERED VEHI-
4 CLES.—

5 “(i) IN GENERAL.—A motor vehicle is
6 described in this subparagraph if such
7 motor vehicle is a motor vehicle described
8 in clause (ii) or clause (iii) which is con-
9 verted or repowered so that it—

10 “(I) is only capable of operating
11 on compressed or liquified natural
12 gas, or

13 “(II) is capable of operating for
14 more than 175 miles on 1 fueling of
15 compressed or liquified natural gas
16 and is capable of operating on gaso-
17 line or diesel fuel, is capable of oper-
18 ating on compressed or liquefied nat-
19 ural gas.

20 “(ii) HEAVY DUTY VEHICLES.—A
21 motor vehicle is described in this clause if
22 such motor vehicle—

23 “(I) has a gross vehicle weight
24 rating of more than 8,500 pounds,
25 and

1 “(II) was not capable of oper-
2 ating on compressed or liquified nat-
3 ural gas before the date of such con-
4 version or repower.

5 “(iii) LIGHT AND MEDIUM DUTY VE-
6 HICLES.—A motor vehicle is described in
7 this clause if such motor vehicle—

8 “(I) has a gross vehicle weight
9 rating of not more 8,500 pounds,

10 “(II) was not capable of oper-
11 ating on compressed or liquified nat-
12 ural gas before the date of such con-
13 version or repower,

14 “(III) is of a character subject to
15 depreciation,

16 “(IV) is acquired by a taxpayer
17 who owns and operates not less than
18 10 motor vehicles in the course of a
19 trade or business at the time of the
20 acquisition, and

21 “(V) is acquired by a taxpayer
22 who has placed in service more than 2
23 motor vehicles described in subclauses
24 (I) through (III) or described in sub-

1 paragraph (C) after the date of the
2 enactment of this paragraph.

3 “(iv) SPECIAL RULES.—

4 “(I) TREATMENT AS NEW.—For
5 purposes of this subsection, the origi-
6 nal use of any motor vehicle described
7 in clause (i) shall be treated as begin-
8 ning with the first use after the date
9 of the conversion or repower.

10 “(II) RULE OF CONSTRUC-
11 TION.—In the case of a used vehicle
12 which is converted or repowered, noth-
13 ing in this section shall be construed
14 to require that the motor vehicle be
15 acquired in the year the credit is
16 claimed under this section with re-
17 spect to such vehicle.

18 “(E) SPECIAL RULE.—For purposes of
19 this subsection, in the case of a motor vehicle
20 which—

21 “(i) is described in subparagraph (C)
22 or (D)(iii),

23 “(ii) is placed in service after the date
24 of the enactment of this paragraph, and

1 “(iii) is placed in service by a tax-
2 payer in a taxable year prior to the taxable
3 year in which such taxpayer places in serv-
4 ice the third such motor vehicle described
5 in subparagraph (C) or (D)(iii) after such
6 date of enactment.

7 Such motor vehicle shall be treated as placed in
8 service in the taxable year in which such third
9 motor vehicle is placed in service.”.

10 (2) CONFORMING AMENDMENT.—Subparagraph
11 (B) of section 30B(e)(5) is amended by inserting
12 “(other than a qualified natural gas motor vehicle)”
13 after “paragraph (3)”.

14 (b) MIXED-FUEL VEHICLES.—Subparagraph (C) of
15 section 30B(e)(5) is amended by striking “a mixed-fuel
16 vehicle which operates using” and all that follows and in-
17 serting “a mixed-fuel vehicle which—

18 “(i) in the case of such a vehicle
19 which is capable of operating on com-
20 pressed or liquified natural gas, operates
21 using at least 65 percent compressed or
22 liquified natural gas and not more than 35
23 percent petroleum-based fuel, and

24 “(ii) in the case of any other such ve-
25 hicle, operates using at least 75 percent al-

1 ternative fuel and not more than 25 per-
2 cent petroleum-based fuel.”.

3 (c) EXTENSION OF CREDIT.—Paragraph (4) of sec-
4 tion 30B(k) is amended to read as follows:

5 “(4) in the case of—

6 “(A) a new qualified alternative fuel vehi-
7 cle (as described in subsection (e)) which is a
8 qualified natural gas motor vehicle (as de-
9 scribed in subsection (e)(7)), December 31,
10 2014, and

11 “(B) in the case of any other new qualified
12 alternative fuel vehicle (as described in sub-
13 section (e)), December 31, 2010.”.

14 (d) ALTERNATIVE MINIMUM TAX TREATMENT.—
15 Subparagraph (B) of section 38(c)(4) is amended by re-
16 designating clauses (i) through (ix) as clauses (ii) through
17 (x), respectively, and by inserting after before clause (ii)
18 (as so redesignated) the following new clause:

19 “(i) the amount of the credit deter-
20 mined under section 30B which is attrib-
21 utable to a qualified natural gas motor ve-
22 hicle (as defined in section 30B(e)(7)).”.

23 (e) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to property placed in service after
25 the date of the enactment of this Act.

1 **SEC. 402. NATURAL GAS VEHICLE BONDS.**

2 (a) IN GENERAL.—Subpart I of part IV of sub-
3 chapter A of chapter 1 (relating to qualified tax credit
4 bonds) is amended by adding at the end the following new
5 section:

6 **“SEC. 54G. NATURAL GAS VEHICLE BONDS.**

7 “(a) NATURAL GAS VEHICLE BOND.—For purposes
8 of this subpart, the term ‘natural gas vehicle bond’ means
9 any bond issued as part of an issue if—

10 “(1) 100 percent of the available project pro-
11 ceeds of such issue are to be used for capital expend-
12 itures incurred by a governmental body for 1 or
13 more qualified natural gas vehicle projects placed in
14 service by such governmental body primarily for gov-
15 ernmental or public use,

16 “(2) the bond is issued by a governmental body,

17 “(3) the issuer designates such bond for pur-
18 poses of this section, and

19 “(4) in lieu of the requirements of section
20 54A(d)(2), the issue meets the requirements of sub-
21 section (c).

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

24 “(1) IN GENERAL.—The maximum aggregate
25 face amount of bonds which may be designated
26 under subsection (a) by any issuer shall not exceed

1 the limitation amount allocated under this sub-
2 section to such issuer.

3 “(2) NATIONAL LIMITATION ON AMOUNT OF
4 BONDS DESIGNATED.—There is a national natural
5 gas vehicle bond limitation of \$3,000,000,000.

6 “(3) ALLOCATION BY SECRETARY.—The Sec-
7 retary shall allocate the amount described in para-
8 graph (2) among qualified natural gas vehicle
9 projects in such manner as the Secretary determines
10 appropriate.

11 “(c) SPECIAL RULES RELATING TO EXPENDI-
12 TURES.—

13 “(1) IN GENERAL.—An issue shall be treated as
14 meeting the requirements of this subsection if, as of
15 the date of issuance, the issuer reasonably expects—

16 “(A) 100 percent or more of the available
17 project proceeds of such issue are to be spent
18 for 1 or more qualified natural gas vehicle
19 projects within the 5-year period beginning on
20 the date of issuance of the natural gas vehicle
21 bond,

22 “(B) a binding commitment with a third
23 party to spend at least 10 percent of such avail-
24 able project proceeds will be incurred within the

1 6-month period beginning on the date of
2 issuance of the natural gas vehicle bond, and

3 “(C) such projects will be completed with
4 due diligence and such available project pro-
5 ceeds will be spent with due diligence.

6 “(2) EXTENSION OF PERIOD.—Upon submis-
7 sion of a request prior to the expiration of the period
8 described in paragraph (1)(A), the Secretary may
9 extend such period if the issuer establishes that the
10 failure to satisfy the 5-year requirement is due to
11 reasonable cause and the related projects will con-
12 tinue to proceed with due diligence.

13 “(3) FAILURE TO SPEND REQUIRED AMOUNT
14 OF BOND PROCEEDS WITHIN 5 YEARS.—To the ex-
15 tent that less than 100 percent of the available
16 project proceeds of such issue are expended by the
17 close of the 5-year period beginning on the date of
18 issuance (or if an extension has been obtained under
19 paragraph (2), by the close of the extended period),
20 the issuer shall redeem all of the nonqualified bonds
21 within 90 days after the end of such period. For
22 purposes of this paragraph, the amount of the non-
23 qualified bonds required to be redeemed shall be de-
24 termined in the same manner as under section 142.

1 “(d) GOVERNMENTAL BODY.—For purposes of this
2 section, the term ‘governmental body’ means any State,
3 territory, possession of the United States, the District of
4 Columbia, Indian tribal government, and any political sub-
5 division thereof.

6 “(e) QUALIFIED NATURAL GAS VEHICLE
7 PROJECT.—For purposes of this subpart, the term ‘quali-
8 fied natural gas vehicle project’ means—

9 “(1) 1 or more qualified natural gas vehicles
10 (as defined in section 30B(e)(7)), or

11 “(2) 1 or more qualified alternative fuel vehicle
12 refueling properties which are used to store and or
13 dispense compressed or liquefied natural gas (within
14 the meaning of section 30C(c)).

15 “(f) TERMINATION.—This section shall not apply
16 with respect to any bond issued after December 31,
17 2019.”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Paragraph (1) of section 54A(d) is amended
20 by striking “or” at the end of subparagraph (D), by
21 inserting “or” at the end of subparagraph (E), and
22 by inserting after subparagraph (E) the following
23 new subparagraph:

24 “(F) a natural gas vehicle bond,”.

1 (2) Subparagraph (C) of section 54A(d)(2) is
 2 amended by striking “and” at the end of clause (iv),
 3 by striking the period at the end of clause (v) and
 4 inserting “, and”, and by adding at the end the fol-
 5 lowing new clause:

6 “(vi) in the case of a natural gas vehi-
 7 cle bond, a purpose specified in section
 8 54G(a)(1).”.

9 (c) CLERICAL AMENDMENT.—The table of sections
 10 for subpart I of part IV of subchapter A of chapter 1 is
 11 amended by adding at the end the following new item:

“Sec. 54G. Natural gas vehicle bonds.”.

12 (d) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to bonds issued after the date of
 14 the enactment of this Act.

15 **SEC. 403. INCENTIVES FOR MANUFACTURING FACILITIES**
 16 **PRODUCING VEHICLES FUELED BY COM-**
 17 **PRESSED OR LIQUIFIED NATURAL GAS.**

18 (a) DEDUCTION FOR MANUFACTURING FACILI-
 19 TIES.—Part VI of subchapter B of chapter 1 (relating to
 20 itemized deductions for individuals and corporations) is
 21 amended by inserting after section 179E the following new
 22 section:

1 **“SEC. 179F. EXPENSING FOR MANUFACTURING FACILITIES**
2 **PRODUCING VEHICLES FUELED BY COM-**
3 **PRESSED NATURAL GAS OR LIQUIFIED NAT-**
4 **URAL GAS.**

5 “(a) TREATMENT AS EXPENSES.—A taxpayer may
6 elect to treat the applicable percentage of the cost of any
7 qualified natural gas vehicle manufacturing facility prop-
8 erty as an expense which is not chargeable to a capital
9 account. Any cost so treated shall be allowed as a deduc-
10 tion for the taxable year in which the qualified manufac-
11 turing facility property is placed in service.

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

14 “(1) 100 percent, in the case of qualified nat-
15 ural gas vehicle manufacturing facility property
16 which is placed in service before January 1, 2013,
17 and

18 “(2) 50 percent, in the case of qualified natural
19 gas vehicle manufacturing facility property which is
20 placed in service after December 31, 2012, and be-
21 fore January 1, 2015.

22 “(c) ELECTION.—

23 “(1) IN GENERAL.—An election under this sec-
24 tion for any taxable year shall be made on the tax-
25 payer’s return of the tax imposed by this chapter for
26 the taxable year. Such election shall be made in such

1 manner as the Secretary may by regulations pre-
2 scribe.

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

6 “(d) QUALIFIED NATURAL GAS VEHICLE MANUFAC-
7 TURING FACILITY PROPERTY.—For purposes of this sec-
8 tion—

9 “(1) IN GENERAL.—The term ‘qualified natural
10 gas vehicle manufacturing facility property’ means
11 any qualified property—

12 “(A) the original use of which commences
13 with the taxpayer,

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

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

20 “(2) QUALIFIED PROPERTY.—

21 “(A) IN GENERAL.—The term ‘qualified
22 property’ means any property which is a facility
23 or a portion of a facility used for the production
24 of—

1 “(i) any qualified natural gas vehicles
2 (as defined in section 30B(e)(7)), or

3 “(ii) any eligible component.

4 “(B) ELIGIBLE COMPONENT.—The term
5 ‘eligible component’ means any component
6 which is designed specifically for use in such a
7 qualified natural gas vehicle.

8 “(e) SPECIAL RULE FOR DUAL USE PROPERTY.—

9 “(1) IN GENERAL.—In the case of any qualified
10 natural gas vehicle manufacturing facility property
11 which is used to produce both property described in
12 clauses (i) and (ii) of subsection (d)(2)(A) and prop-
13 erty which is not so described, the amount of costs
14 taken into account under subsection (a) shall be re-
15 duced by an amount equal to—

16 “(A) the total amount of such costs (deter-
17 mined before the application of this subsection),
18 multiplied by

19 “(B) the percentage of property expected
20 to be produced which is not so described.

21 “(2) REGULATIONS.—The Secretary shall pre-
22 scribe such regulations as are necessary to carry out
23 the purpose of this subsection.”.

24 (b) REFUND OF CREDIT FOR PRIOR YEAR MINIMUM
25 TAX LIABILITY.—Section 53 (relating to credit for prior

1 year minimum tax liability) is amended by adding at the
2 end the following new subsection:

3 “(g) ELECTION TO TREAT AMOUNTS ATTRIBUTABLE
4 TO QUALIFIED MANUFACTURING FACILITY.—

5 “(1) IN GENERAL.—In the case of an eligible
6 taxpayer, the amount determined under subsection
7 (c) for the taxable year (after the application of sub-
8 section (e)) shall be increased by an amount equal
9 to the applicable percentage of any qualified natural
10 gas vehicle manufacturing facility property which is
11 placed in service during the taxable year.

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

14 “(A) 35 percent, in the case of qualified
15 natural gas vehicle manufacturing facility prop-
16 erty which is placed in service before January
17 1, 2013, and

18 “(B) 17.5 percent, in the case of qualified
19 natural gas vehicle manufacturing facility prop-
20 erty which is placed in service after December
21 31, 2012, and before January 1, 2015.

22 “(3) ELIGIBLE TAXPAYER.—For purposes of
23 this subsection, the term ‘eligible taxpayer’ means
24 any taxpayer—

1 “(A) who places in service qualified natural
2 gas vehicle manufacturing facility property dur-
3 ing the taxable year,

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

6 “(C) who makes an election under this
7 subsection.

8 “(4) OTHER DEFINITIONS AND SPECIAL
9 RULES.—

10 “(A) QUALIFIED NATURAL GAS VEHICLE
11 MANUFACTURING FACILITY PROPERTY.—The
12 term ‘qualified natural gas vehicle manufac-
13 turing facility property’ has the meaning given
14 such term under section 179F(d).

15 “(B) SPECIAL RULE FOR DUAL USE PROP-
16 erty.—In the case of any qualified natural gas
17 vehicle manufacturing facility property which is
18 used to produce both qualified property (as de-
19 fined in section 179F(d)) and other property
20 which is not qualified property, the amount of
21 costs taken into account under paragraph (1)
22 shall be reduced by an amount equal to—

23 “(i) the total amount of such costs
24 (determined before the application of this
25 subparagraph), multiplied by

1 “(ii) the percentage of property ex-
2 pected to be produced which is not quali-
3 fied property.

4 “(C) ELECTION.—

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

12 “(ii) ELECTION IRREVOCABLE.—Any
13 election made under this subsection may
14 not be revoked except with the consent of
15 the Secretary.

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

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

23 **SEC. 404. TRANSPORTATION FRINGE BENEFITS.**

24 (a) EXTENSION OF PARITY FOR MASS TRANSIT
25 FRINGE BENEFITS.—Paragraph (2) of section 132(f) is

1 amended by striking “January 1, 2011” in the last sen-
2 tence and inserting “January 1, 2013”.

3 (b) COORDINATION OF QUALIFIED BICYCLE COM-
4 MUTING REIMBURSEMENTS WITH OTHER TRANSPOR-
5 TATION FRINGE BENEFITS.—

6 (1) IN GENERAL.—Clause (ii) of section
7 132(f)(5)(F) is amended to read as follows:

8 “(ii) APPLICABLE ANNUAL LIMITA-
9 TION.—The term ‘applicable annual limita-
10 tion’ means, with respect to any employee
11 for any calendar year, the lesser of—

12 “(I) the product of \$20 multi-
13 plied by the number of qualified bicy-
14 cle commuting months during such
15 year, or

16 “(II) the excess (if any) of the
17 product of 12 multiplied by the dollar
18 amount in effect under paragraph
19 (2)(A) for the first month during such
20 year, over the aggregate of the bene-
21 fits described in subparagraphs (A)
22 and (B) of paragraph (1) excluded
23 from gross income under subsection
24 (a) with respect to months during
25 such year.”.

1 “(2) in the case of a vehicle propelled by a fuel
 2 cell power plant (as defined in section 48(e)(1)(C))
 3 which converts hydrogen into electricity, the term
 4 ‘motor vehicle’ includes any vehicle which is not op-
 5 erated exclusively on rails and the primary purpose
 6 of which is other than the transport of passengers,
 7 and”.

8 (d) CLARIFICATION OF DEFINITION OF ELECTRIC
 9 REFUELING PROPERTY.—Subparagraph (B) of section
 10 179A(d)(3) is amended to read as follows:

11 “(B) exclusively used for the recharging of
 12 motor vehicles propelled by electricity (other
 13 than property used for the generation of elec-
 14 tricity).”.

15 (e) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to property placed in service after
 17 the date of the enactment of this Act.

18 **TITLE V—ALTERNATIVE FUELS**

19 **SEC. 501. EXTENSION OF INCENTIVES FOR BIODIESEL AND** 20 **RENEWABLE DIESEL.**

21 (a) CREDITS FOR BIODIESEL AND RENEWABLE DIE-
 22 SEL USED AS FUEL.—Subsection (g) of section 40A is
 23 amended by striking “December 31, 2009” and inserting
 24 “December 31, 2012”.

1 (b) EXCISE TAX CREDITS AND OUTLAY PAYMENTS
2 FOR BIODIESEL AND RENEWABLE DIESEL FUEL MIX-
3 TURES.—

4 (1) Paragraph (6) of section 6426(c) is amend-
5 ed by striking “December 31, 2009” and inserting
6 “December 31, 2012”.

7 (2) Subparagraph (B) of section 6427(e)(6) is
8 amended by striking “December 31, 2009” and in-
9 serting “December 31, 2012”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to fuel sold or used after December
12 31, 2009.

13 **SEC. 502. INCLUSION OF ALGAE-BASED BIOFUEL IN DEFINI-**
14 **TION OF CELLULOSIC BIOFUEL.**

15 (a) CELLULOSIC BIOFUEL PRODUCER CREDIT.—

16 (1) GENERAL RULE.—Paragraph (4) of section
17 40(a) is amended by inserting “and algae-based”
18 after “cellulosic”.

19 (2) DEFINITIONS.—Paragraph (6) of section
20 40(b) is amended—

21 (A) by inserting “AND ALGAE-BASED”
22 after “CELLULOSIC” in the heading,

23 (B) by striking subparagraph (A) and in-
24 serting the following:

1 “(A) IN GENERAL.—The cellulosic and
2 algae-based biofuel producer credit of any tax-
3 payer is an amount equal to the applicable
4 amount for each gallon of—

5 “(i) qualified cellulosic biofuel produc-
6 tion, and

7 “(ii) qualified algae-based biofuel pro-
8 duction.”,

9 (C) by redesignating subparagraphs (F),
10 (G), and (H) as subparagraphs (I), (J), and
11 (K), respectively,

12 (D) by inserting “AND ALGAE-BASED”
13 after “CELLULOSIC” in the heading of subpara-
14 graph (I), as so redesignated,

15 (E) by inserting “or algae-based biofuel,
16 whichever is appropriate,” after “cellulosic
17 biofuel” in subparagraph (J), as so redesign-
18 ated,

19 (F) by inserting “and qualified algae-based
20 biofuel production” after “qualified cellulosic
21 biofuel production” in subparagraph (K), as so
22 redesignated, and

23 (G) by inserting after subparagraph (E)
24 the following new subparagraphs:

1 “(F) QUALIFIED ALGAE-BASED BIOFUEL
2 PRODUCTION.—For purposes of this section,
3 the term ‘qualified algae-based biofuel produc-
4 tion’ means any algae-based biofuel which is
5 produced by the taxpayer, and which during the
6 taxable year—

7 “(i) is sold by the taxpayer to another
8 person—

9 “(I) for use by such other person
10 in the production of a qualified algae-
11 based biofuel mixture in such other
12 person’s trade or business (other than
13 casual off-farm production),

14 “(II) for use by such other per-
15 son as a fuel in a trade or business,
16 or

17 “(III) who sells such algae-based
18 biofuel at retail to another person and
19 places such algae-based biofuel in the
20 fuel tank of such other person, or

21 “(ii) is used or sold by the taxpayer
22 for any purpose described in clause (i).

23 The qualified algae-based biofuel production of
24 any taxpayer for any taxable year shall not in-
25 clude any alcohol which is purchased by the

1 taxpayer and with respect to which such pro-
2 ducer increases the proof of the alcohol by addi-
3 tional distillation.

4 “(G) QUALIFIED ALGAE-BASED BIOFUEL
5 MIXTURE.—For purposes of this paragraph, the
6 term ‘qualified algae-based biofuel mixture’
7 means a mixture of algae-based biofuel and gas-
8 oline or of algae-based biofuel and a special fuel
9 which—

10 “(i) is sold by the person producing
11 such mixture to any person for use as a
12 fuel, or

13 “(ii) is used as a fuel by the person
14 producing such mixture.

15 “(H) ALGAE-BASED BIOFUEL.—For pur-
16 poses of this paragraph—

17 “(i) IN GENERAL.—The term ‘algae-
18 based biofuel’ means any liquid fuel, in-
19 cluding gasoline, diesel, aviation fuel, and
20 ethanol, which—

21 “(I) is produced from the bio-
22 mass of, or is directly secreted by,
23 algal organisms, and

24 “(II) meets the registration re-
25 quirements for fuels and fuel additives

1 established by the Environmental Pro-
2 tection Agency under section 211 of
3 the Clean Air Act (42 U.S.C. 7545).

4 “(ii) ALGAL ORGANISM.—The term
5 ‘algal organism’ means a single- or multi-
6 cellular organism which is primarily aquat-
7 ic and classified as a non-vascular plant,
8 including microalgae, blue-green algae
9 (cyanobacteria), and macroalgae (sea-
10 weeds).

11 “(iii) EXCLUSION OF LOW-PROOF AL-
12 COHOL.—Such term shall not include any
13 alcohol with a proof of less than 150. The
14 determination of the proof of any alcohol
15 shall be made without regard to any added
16 denaturants.”.

17 (3) CONFORMING AMENDMENTS.—

18 (A) Subparagraph (D) of section 40(d)(3)
19 is amended—

20 (i) by inserting “AND ALGAE-BASED”
21 after “CELLULOSIC” in the heading,

22 (ii) by inserting “or (b)(6)(F)” after
23 “(b)(6)(C)” in clause (ii), and

24 (iii) by inserting “or algae-based”
25 after “such cellulosic”.

1 (B) Paragraph (6) of section 40(d) is
2 amended—

3 (i) by inserting “AND ALGAE-BASED”
4 after “CELLULOSIC” in the heading, and

5 (ii) by striking the first sentence and
6 inserting “No cellulosic and algae-based
7 biofuel producer credit shall be determined
8 under subsection (a) with respect to any
9 cellulosic or algae-based biofuel unless such
10 cellulosic or algae-based biofuel is produced
11 in the United States and used as a fuel in
12 the United States.”

13 (C) Paragraph (3) of section 40(e) is
14 amended by inserting “AND ALGAE-BASED”
15 after “CELLULOSIC” in the heading.

16 (D) Paragraph (1) of section 4101(a) is
17 amended—

18 (i) by inserting “or algae-based” after
19 “cellulosic”, and

20 (ii) by inserting “and 40(b)(6)(H), re-
21 spectively” after “section 40(b)(6)(E)”.

22 (b) SPECIAL ALLOWANCE FOR CELLULOSIC BIOFUEL
23 PLANT PROPERTY.—Subsection (l) of section 168 is
24 amended—

1 (1) by inserting “AND ALGAE-BASED” after
2 “CELLULOSIC” in the heading,

3 (2) by inserting “and any qualified algae-based
4 biofuel plant property” after “qualified cellulosic
5 biofuel plant property” in paragraph (1),

6 (3) by redesignating paragraphs (4) through
7 (8) as paragraphs (6) through (10), respectively,

8 (4) by inserting “or qualified algae-based
9 biofuel plant property” after “cellulosic biofuel plant
10 property” in paragraph (7)(C), as so redesignated,

11 (5) by striking “with respect to” and all that
12 follows in paragraph (9), as so redesignated, and in-
13 serting “with respect to any qualified cellulosic
14 biofuel plant property and any qualified algae-based
15 biofuel plant property which ceases to be such quali-
16 fied property.”,

17 (6) by inserting “or qualified algae-based
18 biofuel plant property” after “cellulosic biofuel plant
19 property” in paragraph (10), as so redesignated, and

20 (7) by inserting after paragraph (3) the fol-
21 lowing new paragraphs:

22 “(4) QUALIFIED ALGAE-BASED BIOFUEL PLANT
23 PROPERTY.—The term ‘qualified algae-based biofuel
24 plant property’ means property of a character sub-
25 ject to the allowance for depreciation—

1 “(A) which is used in the United States
2 solely to produce algae-based biofuel,

3 “(B) the original use of which commences
4 with the taxpayer after the date of the enact-
5 ment of this paragraph,

6 “(C) which is acquired by the taxpayer by
7 purchase (as defined in section 179(d)) after
8 the date of the enactment of this paragraph,
9 but only if no written binding contract for the
10 acquisition was in effect on or before such date,
11 and

12 “(D) which is placed in service by the tax-
13 payer before January 1, 2013.

14 “(5) ALGAE-BASED BIOFUEL.—

15 “(A) IN GENERAL.—The term ‘algae-based
16 biofuel’ means any liquid fuel which is produced
17 from the biomass of algal organisms.

18 “(B) ALGAL ORGANISM.—The term ‘algal
19 organism’ means a single- or multi-cellular or-
20 ganism which is primarily aquatic and classified
21 as a non-vascular plant, including microalgae,
22 blue-green algae (cyanobacteria), and
23 macroalgae (seaweeds).”.

24 (c) EFFECTIVE DATES.—

1 (1) CELLULOSIC BIOFUEL PRODUCER CRED-
2 IT.—The amendments made by subsection (a) shall
3 apply to fuel produced after the date of the enact-
4 ment of this Act.

5 (2) SPECIAL ALLOWANCE FOR CELLULOSIC
6 BIOFUEL PLANT PROPERTY.—The amendments
7 made by subsection (b) shall apply to property pur-
8 chased and placed in service after the date of the en-
9 actment of this Act.

10 **TITLE VI—OTHER PROVISIONS**

11 **SEC. 601. REPORT ON THE UTILIZATION OF TAX INCEN-** 12 **TIVES.**

13 (a) IN GENERAL.—Not later than January 1, 2013,
14 the Comptroller General of the United States shall submit
15 a report to the Committee on Ways and Means of the
16 House of Representatives and the Committee on Finance
17 of the Senate evaluating all temporary and permanent en-
18 ergy tax incentives in effect on the date of the report.

19 (b) CONTENTS OF REPORT.—The report shall—

20 (1) assess whether and to what extent each
21 such tax incentive is being utilized, and

22 (2) contain recommendations regarding each
23 such tax incentive and whether such tax incentive

- 1 should be terminated, extended, or modified to
- 2 achieve the purposes of the this Act.

○