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Grassley Advances Consideration of Renewable Energy Tax Incentives

WASHINGTON – Sen. Chuck Grassley, ranking member of the Committee on Finance, today advanced the consideration of the extension of key tax incentives for the production of energy from renewable sources. Grassley, a long-time champion of renewable energy, raised the extensions in an economic stimulus package being given committee consideration this afternoon.

“Renewable energy production depends on investment,” Grassley said. “Investors need certainty. They won’t put their money out for a wind energy facility unless there’s a reasonable expectation that tax incentives will continue into the future. For energy needs and for economic growth, we need to continue renewable energy provisions without interruption. Production has to meet demand and alternative energy has never been in such demand as it is right now. The high price of oil helped to start the economic downturn. The stimulus package should underscore the nation’s commitment to energy efficiency and alternative energy.”

Grassley raised a series of energy tax provisions in today’s Finance Committee economic stimulus package. Separate from the energy tax provisions in the farm bill, they include:

**A credit for electricity produced from certain renewable resources (Section 45).** This extends the production credit for electricity produced from wind, closed-loop biomass, open-loop biomass, and other sources by one year, through Dec. 31, 2009.

**A credit to holders of clean renewable energy bonds.** This adds an additional \$400 million to a category of tax credit bond called Clean Renewable Energy Bonds (“CREBs”). CREBs are defined as bonds issued by a qualified issuer if, in addition to other requirements, 95 percent of the proceeds are used to finance capital expenditures incurred for facilities qualifying for tax credits under Section 45. Qualified issuers include governmental bodies (including Indian tribal governments) and mutual or cooperative electric companies. The provision is effective for bonds issued after Dec. 31, 2008.

**A deduction for energy-efficient commercial buildings.** This provision extends for one year a deduction for energy-efficient commercial buildings that reduce annual energy and power

consumption by 50 percent compared to the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) standard.

**Credit for the construction of new energy-efficient homes.** This provision extends for one year a credit to eligible contractors for the construction of a qualified new energy-efficient home. The credit applies to manufactured homes meeting Energy Star Standards and other homes meeting a 50 percent standard. The credit applies to homes purchased prior to Jan.1, 2010.

**Credit for residential energy efficient property.** This extends for one year a credit, equal to 30 percent of qualifying expenditures, for the purchase for qualified photovoltaic property and solar water heating property used exclusively for purposes other than heating swimming pools and hot tubs. This also provides a 30 percent credit for the purchase of qualified fuel cell power plants and applies to property placed in service prior to Jan. 1, 2010.

**Alternative energy credit for electricity production for businesses.** This extends for one year a 30 percent business energy credit for the purchase of qualified fuel cell power plants for businesses and a 10 percent credit for purchase of qualifying stationary microturbine power plants. Additionally, a 30 percent credit for purchase of qualifying solar energy property is also extended. The credits apply to periods before Jan. 1, 2010.

**Energy-efficient existing homes credit.** The proposal extends the residential property tax credit for two years (through Dec. 31, 2009) for expenditures to improve the energy efficiency of an existing home.

**Energy-efficient appliances production.** The proposal extends the tax credit for the production of energy efficient appliances for two years (through Dec. 31, 2009). It updates and extends the manufacturing years to 2008 and 2009.

Grassley has long been one of the most outspoken advocates in Congress for developing domestically produced alternative, renewable energy such as ethanol.