



Memorandum

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SUBJECT: Energy Efficiency and Renewable Energy Incentives

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Background

Multiple federal laws have created tax credits and other incentives for energy efficiency and the use of renewable energy. The first part of this memorandum provides tables showing popular incentives, the corresponding *U.S. Code* citation, and the current expiration date of those incentives. Following that is a section on federal incentives available to support energy efficiency and renewable energy. A list of selected CRS reports on federal incentives is included in that section.

Many states, local governments, and utility companies have also created incentives for energy efficiency and renewables. The second part of the memorandum describes information sources focused on state and local incentives. Finally, the last section provides a list of resources by technology type.

Many federal renewable and energy efficient tax credits/incentives have either expired or will expire shortly. CRS Reports RL33831, *Energy Efficiency and Renewable Energy Legislation in the 110th Congress*, by Fred Sissine, Lynn J. Cunningham and Mark Gurevitz and RL33578, *Energy Tax Policy: History and Current Issues*, by Salvatore Lazzari, provide detailed information on the current status of these tax credits/incentives.

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Table 1. U.S. Code Citations and Expiration Dates for Popular Renewable Energy and Energy Efficiency Tax Incentives/Credits

Type of Credit	U.S. Code Citation	Expiration Date
Biofuels Production Tax Credit	26 U.S.C. § 40A	12/31/2008
Business Solar and Fuel Cell Investment Tax Credit	26 U.S.C. § 48(a)(3)	1/1/2009
Energy Efficiency Appliance Credit	26 U.S.C. § 45M	12/31/2007
Energy Efficient Commercial Buildings Deduction	26 U.S.C. § 179D	12/31/2008
Energy Efficient New Homes Tax Credit for Homebuilders	26 U.S.C. § 45L	12/31/2008
Renewable Energy Production Tax Credit	26 U.S.C. § 45	1/1/2009
Residential Energy Efficient Property Credit (Solar and Fuel Cell Tax Credit)	26 U.S.C. § 25D	12/31/2008

Source: *United State Code*

Table 2. Alternative Motor Vehicle Credit, 26 U.S.C. § 30B

Type of Credit	Expiration Date
Fuel Cell Motor Vehicle Credit	12/31/2014
Advanced Lean Burn Technology Motor Vehicle Credit	12/31/2010
Qualified Hybrid Motor Vehicle Credit	12/31/2009
Qualified Alternative Fuel Motor Vehicle Credit	12/31/2010

Source: *United State Code*

Federal Incentives

This section covers several resources that list and describe federal incentives available to support energy efficiency and renewable energy. It also lists some selected CRS reports on federal incentives.

Tax Incentives Assistance Project (TIAP) [<http://www.energytaxincentives.org/>].

This website is sponsored by a number of government agencies, nonprofit groups, and other organizations. It is focused solely on information about federal tax incentives. The information is organized into categories for consumers, businesses, and builders/manufacturers. The site includes updates about enacted federal legislation and provides links to Internal Revenue Service (IRS) tax forms.

Environmental Protection Agency (EPA) Energy Star

[http://www.energystar.gov/index.cfm?c=products.pr_tax_credits].

This website has a page on “Federal Tax Credits for Energy Efficiency.” The information on that page is organized into categories for consumers (home improvements, cars, solar energy, fuel cells), home builders, appliance manufacturers, and commercial buildings. The site includes a brief discussion of recent legislation that proposes to extend the incentives, and it provides some links to IRS information and forms.

Department of Energy (DOE) Financial Opportunities

[<http://www1.eere.energy.gov/financing/>].

This website is focused mainly on information about matching funds, grants, and financing. The information is organized into categories for consumers, business/industry/universities, inventors (small business), federal energy managers, states, and American Indian tribes. The site includes a section on energy efficiency and consumer home financing. Further, the site includes references and links to other web-based sources of information on incentives for consumers, including the Alliance to Save Energy, Database of State Incentives for Renewable Energy, EPA Energy Star, Department of Energy Weatherization Assistance Program, and the Department of Housing and Urban Development (HUD) Energy-Efficient Mortgage Program.

U.S. Department of Energy Alternative Fuels and Advanced Vehicles Data Center (AFDC) [<http://www.eere.energy.gov/afdc/>].

This website presents information about incentives for alternative fuels (renewable fuels and others) and vehicles. A key link provides access to “State and Federal Incentives and Laws.” Incentives covered include grants, tax credits, loans, rebates, regulatory exemptions, fuel discounts, and technical assistance. The information on state incentives is made available through a national map and through summary tables organized by type of incentive, regulation, technology/fuel, and user. The information about state incentives is updated annually after each state legislature’s session ends. The information about federal incentives is updated after pertinent legislation is enacted into law. Another link provides access to “Laws and Incentives Enactment History.”

U.S. Department of Energy Clean Cities Financial Opportunities

[<http://www.eere.energy.gov/cleancities/progs/solicitations.php>].

This website presents information about incentives for alternative transportation-related projects. A link to “Government Sources” provides information about funding opportunities through federal grant-making agencies (grants.gov), metropolitan planning organizations, the Congestion Mitigation and Air Quality (CMAQ) Program, and various EPA programs. A link to “Solicitations” provides information about business funding opportunities that cover a variety of changing topics that have included plug-in hybrid vehicles, hydrogen vehicles, and transportation planning. Clean Cities Coordinators are available to help with funding applications.

Department of Housing and Urban Development (HUD) Energy-Efficient Mortgages Program [<http://www.hud.gov/offices/hsg/sfh/eem/energy-r.cfm>].

HUD’s website provides information to help home buyers and homeowners save money on utility bills by enabling them to finance the cost of adding energy-efficiency features to new or existing housing as part of their Federal Housing Authority-insured home purchase or refinancing mortgage.

Alliance to Save Energy (ASE) Home and Vehicle Tax Credits

[<http://www.ase.org/content/article/detail/2654>].

ASE’s website organizes information into categories on energy efficiency incentives for home improvements, hybrid vehicles, and solar energy. The site includes details on eligible equipment, credit limits, and credit expiration dates.

CRS Reports on Federal Incentives

Several CRS reports provide information about energy efficiency and/or renewable energy incentives.

- CRS Report RS22558, *Tax Credits for Hybrid Vehicles*, describes incentives available for energy-efficient vehicles.
- At least three CRS reports provide information on incentives for renewable fuels and alternative fuels. They are: CRS Report RS22351, *Tax Incentives for Alternative Fuels*; CRS Report RL33572, *Biofuels Incentives: A Summary of Federal Programs*; and CRS Report RL32979, *Alcohol Fuels Tax Incentives*.
- CRS Report RL34162, *Renewable Energy: Background and Issues for the 110th Congress*. Discusses incentives for the generation of electricity from renewable energy resources.
- CRS Report RL33578, *Energy Tax Policy: History and Current Issues*, includes a brief description of the legislative history and status of all federal incentives (including farm bill incentives) for energy efficiency and renewable energy.

State and Local Incentives

This section covers websites that list and describe state and local incentives available to support energy efficiency and renewable energy.

Database of State Incentives for Renewables and Efficiency (DSIRE)

[<http://www.dsireusa.org/>].

DSIRE's website is sponsored by the Interstate Renewable Energy Council (IREC). IREC is a nonprofit organization focused on standards, guidelines, and other activities to support renewable energy. This site contains information about various types of energy efficiency and renewable energy financial incentives provided by state and local governments and by utility companies. Summary data is accessed through a national map — and several additional special topic maps — that are linked to data on each state.

Alternatively, the data can be searched by technology (solar, wind, geothermal), sector (residential, commercial/industrial, government, utility), and incentive type (tax credits, bonds, grants, loans). The site is updated weekly. Also, the homepage includes a map-link to a list of federal incentives.

DOE State Activities and Weatherization Assistance

[<http://www.eere.energy.gov/weatherization/>].

DOE's website on the Weatherization Assistance Program has information about how to apply for federal weatherization funding assistance. The site also has a "state activities" link, which provides information about state-level energy assistance programs. This site can be accessed through a link on DOE's Financial Opportunities site.

Incentives by Technology Type

The following are links to resources by type of renewable energy.

Biomass

- Database of State Incentives for Renewables and Energy Efficiency (DSIRE). Incentives for Biomass
[<http://www.dsireusa.org/library/includes/techno.cfm?EE=1&RE=1>].
- Energy Efficiency and Renewable Energy. Alternative Fuels and Advanced Vehicles Data Center. State and Federal Incentives and Laws
[http://www.eere.energy.gov/afdc/progs/fed_summary.php/afdc/US/0].
- Environmental Protection Agency. Funding Database Biomass/Biogas
[<http://www.epa.gov/chp/funding/bio.html>].

Geothermal

- Database of State Incentives for Renewables and Energy Efficiency (DSIRE). Incentives for Geothermal Heat Pumps
[<http://www.dsireusa.org/library/includes/techno.cfm?EE=1&RE=1>].
- Database of State Incentives for Renewables and Energy Efficiency (DSIRE). Incentives for Geothermal Electric
[<http://www.dsireusa.org/library/includes/techno.cfm?EE=1&RE=1>].

- Energy Star. Tax Incentives for Renewable Energy. Tax Incentives for Geothermal Heat Pumps
[http://www.energystar.gov/index.cfm?c=geo_heat.pr_geo_heat_pumps].
- Geothermal Heat Pump Consortium. Incentives for Geexchange Systems
[<http://geoexchange.us/incentives/incentives.htm>]

Solar

- Alliance to Save Energy. Energy-Efficiency Home and Vehicle Tax Credits. Solar Energy and Fuel Cell
[<http://www.ase.org/content/article/detail/2654>].
- Database of State Incentives for Renewables and Energy Efficiency (DSIRE). Incentives for Solar Technology
[<http://www.dsireusa.org/library/includes/techno.cfm?EE=1&RE=1>].
- Energy Star. Federal Tax Incentives for Renewable Energy. Tax Incentives for Solar Energy Systems
[http://www.energystar.gov/index.cfm?c=products.pr_tax_credits#s4].
- Solar Energy Industries Association. Guide To Federal Tax Incentives
[<http://www.seia.org/taxmanualdownload.php>].
- Solar Energy Industries Association. Frequently Asked Questions on the Solar Tax Credit [<http://www.seia.org/getpdf.php?iid=21>].
- Solar Energy Industries Association. State-By State Incentives for Photovoltaic Projects [<http://www.seia.org/incentives.php>].
- Solar Energy Industries Association. State-By-State Incentives for Solar Water Heating Projects [<http://www.seia.org/incentives.php>].
- Tax Incentives Assistance Project. Consumer Tax Incentives. Solar Energy Systems
[<http://www.energytaxincentives.org/consumers/solar.php>].
- Tax Incentives Assistance Project. Businesses Tax Incentives. Solar Energy Systems
[<http://www.energytaxincentives.org/business/solar.php>].

Wind

- American Wind Energy Association. Legislative Affairs
[<http://www.awea.org/legislative/>].
- Database of State Incentives for Renewables and Energy Efficiency (DSIRE). Incentives for Wind
[<http://www.dsireusa.org/library/includes/techno.cfm?EE=1&RE=1>].