



TaxNewsFlash

United States



No. 2019-555
November 19, 2019

Legislative update: Ways and Means subcommittee discussion draft of “green energy” bill

The U.S. House Ways and Means Subcommittee on Select Revenue Measures today released a discussion draft of an energy bill—the Growing Renewable Energy and Efficiency Now (GREEN) Act.

According to a subcommittee release, the draft legislation is “a comprehensive approach to tackling climate change by using the tax code to extend and expand renewable energy use and reduce greenhouse gas emissions.”

Subcommittee Chairman Mike Thompson (D-CA) said that the legislation proposes to “...build on existing tax incentives that promote renewable energy and increase efficiency and create new models for technology and activity to reduce our carbon footprint.”

- Read the text of the [discussion draft of the bill](#) [PDF 207 KB].
- Read a [section-by-section description](#) [PDF 236 KB] of the provisions in the discussion draft, as prepared by the Ways and Means staff. This section-by-section description states that revenue raisers are “to be provided.”

Proposals for tax benefits, incentives

According to the subcommittee, the legislation would extend current renewable energy tax incentives; would create new models to increase the use of green energy while reducing greenhouse gas emissions, and would:

- Promote the use of “green energy” technologies and incentivize the reduction of greenhouse gas emissions through new and existing tax benefits
- Increase energy efficiency and green energy use in both residential and commercial buildings
- Support the use of zero-emission transportation and supporting infrastructure

- Invest in a green workforce through energy credits for manufacturers
- Advance environmental justice through tax credits for research and academic programs
- Require the Treasury Department to analyze the feasibility of a price on greenhouse gas emissions, using the EPA's Greenhouse Gas Reporting Program

KPMG observation

The discussion draft includes a mix of existing energy incentives and new provisions. Notably, the proposal would extend both the wind and solar tax credits and convert them to refundable tax credits. Specifically, the section 45 production tax credit (PTC) and the section 48 investment tax credit (ITC) would become refundable up to 85% of the value of the tax credit.

The refundability of the PTC and ITC would make those credits more valuable to energy project developers who often lack sufficient tax liability to use the credits to offset current tax.

This conversion of the PTC and ITC into refundable credits echoes the Section 1603 cash grant program that was enacted in the *American Recovery and Reinvestment Act* in 2009. That program was heavily used by renewable energy developers and paid out more than \$26 billion in cash grants during the duration of the program.

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)