

Government Funding Bill Extends Renewable Energy Tax Credits

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On December 21, the House and Senate passed H.R. 133, the “Consolidated Appropriations Act, 2021,” with overwhelming support. A video posted on December 22 on Twitter cast doubt on whether the president will sign the bill. Division EE of the bill, the “Taxpayer Certainty and Disaster Tax Relief Act of 2020,” includes the following tax extenders related to the Production Tax Credit (PTC), the Investment Tax Credit (ITC), and the carbon oxide sequestration credit (the Section 45Q Credit):

- Extension of the PTC for wind at the current phase-out level (60% of the otherwise allowable credits) for facilities the construction of which begins in 2021.
- Extension of the ITC for solar at 26% for energy property the construction of which begins through the end of 2022 and at 22% for energy property the construction of which begins in 2023 (after which the credit becomes 10%), and postponement of the date after which solar energy property placed in service receives only a 10% ITC to December 31, 2025.
- Extension of the ITC at 30% (with no phase-down) to offshore wind if construction begins between 2017 and 2025, with respect only to basis attributable to periods beginning after December 31, 2016. Qualifying offshore wind facilities include those located in the inland navigable waters or in the coastal waters of the United States.
- Extension of the Section 45Q Credit for facilities, the construction of which begins in 2024 and 2025.
- Extension of the ITC to waste energy recovery property at 26% if construction begins in 2021 or 2022, and at 22% if construction begins in 2023, in all cases if placed in service before January 1, 2026.

The bill did not include certain incentives that the renewable energy industry has requested, including a standalone ITC for energy storage and direct payment of renewable energy tax incentives (either as grants or refundable credits).

For more information, contact one of the lawyers listed with this advisory.

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