

Investment Tax Credit: An Overview

On October 3, 2008 renewable energy tax credit extension legislation, with some hydrogen and fuel cell provisions, was signed into law. The U.S. House and Senate finally agreed to a version of this legislation, and included it in H.R. 1424, the financial markets bill.

Overall, the energy provisions of this bill include a range of tax credit extensions and other incentives, such as a one-year extension of the production tax credit for wind power and a two-year extension for biomass and certain others. The solar industry benefits from an eight-year extension of the investment tax credit for residential and commercial solar power. Biodiesel credits are extended and modified, and the act also creates significant new tax incentives for carbon capture and storage.

Among the highlights are:

- > Extends the tax credit for fuel cell property through the end of December 2016 (U.S. Code Section 48)
- > Expands the qualifications for fuel cells which are eligible for the credit - increasing the cap from \$500 or less per 500 Watts to \$1500 or less per 500 Watts (U.S. Code Section 48)
- > Extends exempt facility bonds for large green building and sustainable design projects which generate at least 25 megawatts from fuel cells through September 2012 (U.S. Code Section 142(l))

While the credit for alternative fuel vehicle refueling property (30% of installation costs up to \$30,000 total) was extended until 2010, an exemption already existed for property relating to hydrogen until the end of December 2014 (U.S. Code Section 30C).

Credits for alternative fuel production were also extended until the end of December 2009, though again an exemption for "liquefied" hydrogen already existed until the end of September 2014 (U.S. Code Section 6426).