

# Client Alert

February 2018

## **Bipartisan Budget Act of 2018 Extends Tax Credits for Certain Renewable Energy Facilities Under Sections 45 and 48 of the Internal Revenue Code**

On February 9, 2018, the President signed into law the Bipartisan Budget Act of 2018 (Pub. L. No. 115-123) (the Budget Act). The Budget Act extends certain expired energy-related tax credits. Section 40409 of the Budget Act contains a one-year extension of the Internal Revenue Code (Code) Section 45 Production Tax Credit (PTC) for certain renewable energy facilities. Specifically, the Budget Act extends the “beginning of construction” deadline to December 31, 2017 for facilities using each of the following qualified resources used to produce electricity: closed-loop biomass, open-loop biomass, geothermal energy facilities, landfill gas facilities, trash facilities (i.e., municipal waste to energy), qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities.

In addition, Section 40411 of the Budget Act extends the Code Section 48 Investment Tax Credit (ITC”) for certain energy property. In particular, the Budget Act extends the ITC for qualified fuel cell property, qualified microturbine property, combined heat and power system property, qualified small wind energy property, fiber-optic solar property, and equipment using geothermal building heat by imposing a “beginning of construction” deadline of December 31, 2021 for such property. The Budget Act also phases-out the ITC for qualified fuel cell property, qualified small wind energy property, and fiber-optic solar property. Accordingly, provided such property is placed-in-service before 2024, the ITC percentage is reduced to 26 percent if construction begins in 2020 and 22 percent if construction begins in 2021.

If you have any questions regarding the Budget Act, please contact us.

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