OFFICE OF SPEAKER NANCY PELOSI
FACT SHEET

September 25, 2008

Renewable Energy and Job Creation Tax Act

Key Points

- Today, the House will consider legislation (H.R. 7060) to extend and expand tax incentives for renewable energy, create and retain hundreds of thousands of green jobs, spur American innovation and business investment, cut taxes for millions of Americans, and close loopholes allowing U.S. executives to avoid U.S. taxes by shipping investment overseas.

- This legislation is critical for American job creation at a time when the U.S. economy is in crisis, and critical for American families at a time when they are being squeezed by rising energy costs, grocery bills, and unemployment.

- To reduce our dependence on foreign oil, this legislation would increase the production of renewable fuels and renewable electricity, and encourage greater energy efficiency. It extends and expands tax incentives for renewable electricity, energy and fuel from America's heartland, as well as for plug-in hybrid cars, and energy efficient homes, buildings, and appliances. These provisions are critical to creating and preserving more than 500,000 good-paying green collar American jobs in the wind and solar industries alone.

- To strengthen the American economy, the bill extends for two years the research and development tax credit, 70 percent of which is spent on U.S. wages on average, to spur American innovation and business investment. The bill also cuts taxes for millions of Americans, including teachers, college students and families in states with no income tax.

- This bill offers the Senate a chance to support a two year extension of tax relief to create jobs and strengthen the American economy, paid for by offsets Senators have already supported in other legislation. Unlike the Senate's proposal, it is does not add to the national debt -- using provisions that passed the Senate on Tuesday by a vote of 93 to 2 and another already passed by the Senate and signed into law by the President to fully offset the cost of extending this critical tax relief. The offsets close loopholes allowing corporations and executives to avoid U.S. taxes by shipping jobs and investment overseas, curtail unnecessary tax subsidies for big, multinational oil and gas companies, and provide for broker reporting of customer's basis in securities.

- Congress can wrap this up today. The Senate should seize this opportunity to pass this bill so we can make law, create and save jobs in a difficult economy, and provide this tax relief to families and businesses, and speed our transition to a clean, renewable energy and energy efficient future.

- It is time for Senate Republicans to join us in extending important energy, business and individual tax incentives in a fiscally responsible way that does not require America to borrow additional tens of billions of dollars from foreign countries. Now more than ever, it is critical that we do not continue to add unnecessarily to the national debt, which has surged to nearly $10 trillion due to the fiscal irresponsibility of the Bush Administration and Congressional Republicans.

Tax Incentives for Renewable Energy to Spur Green Jobs and American Energy Independence **($15 billion; similar to Senate)**

- Eight-year extension of the investment tax credit (ITC) for solar energy.
- Multi-year extension of the production tax credit (PTC) for energy derived from biomass, geothermal, hydropower, waves and tides, landfill gas and solid waste (through September 30, 2011).
- One-year extension of the PTC for energy derived from wind.
- Incentives for carbon capture and sequestration demonstration projects.
- Incentives for the production of homegrown renewable fuels, such as biodiesel and renewable diesel, and for the installation of E-85 pumps for consumers to fill up flex-fuel vehicles.
- Tax credits of $3,000 or more toward the purchase of fuel-efficient, plug-in hybrid vehicles.
- Incentives for energy conservation in commercial buildings, residential structures, and energy efficient appliances.

Creating American Jobs & Cutting Taxes for Millions of Middle-Class Families **($46 billion -- $12 billion for individuals, $34 billion for business; 2 year extensions, like the Senate, but fully paid for instead of only partially paid for as in Senate bill)**

- Ensures the continued competitiveness of American businesses by extending the R&D tax credit for 27,000 companies and the special rules for active financing income;
- Help families of 13 million children by expanding the child tax credit to those earning $8,500 a year (from $12,050 in current law) in 2009;
- Benefit 11 million families through the State and local sales tax deduction;
- Help 4.5 million families better afford college with the tuition deduction; and
- Save 3.4 million teachers money with a deduction for classroom expenses.

Upholding Fiscal Responsibility

- **Extends Necessary Provisions Without Adding to the Deficit.** Unlike the Senate package, this legislation would not add to the deficit. This legislation would be fully paid for using the revenue-raising provisions that the Senate passed on Tuesday by a vote of 93-2 and another already passed by the Senate and signed into law by the President.

- **Stops an Increase in Taxpayer-Funded Subsidies for Oil Companies.** The bill would freeze a subsidy in the 2004 international tax bill for oil and gas companies, which is currently scheduled to increase in 2009.

- **Closes Foreign Tax Loophole for Large Oil Companies.** To ensure that oil and gas companies are paying their fair share, the bill closes a tax loophole identified by the Joint Committee on Taxation that allows big oil and gas companies operating overseas to game the system by claiming higher foreign tax credits.

- **Closes Tax Loophole for CEO Deferred Compensation Paid by Offshore Companies.** The bill would stop hedge fund managers and corporate CEOs from escaping income taxes by using offshore tax havens, while the rest of American families play by the rules and pay their fair share of taxes. Some highly paid executives operating offshore investment funds can defer unlimited amounts of pay. The bill would immediately tax deferred compensation of executives and employees of U.S. corporations that are offshore in a tax haven.

- **Basis Reporting by Brokers on Sales of Stock.** The bill would enact President Bush's proposal to create mandatory cost basis reporting by brokers for transactions involving publicly traded securities to increase compliance and would provide significant simplification benefits by relieving taxpayers from the often complicated task of calculating adjusted basis to determine gain or loss on the sale of securities.

- **Delaying tax break for foreign interest payments.** The bill delays for six years (through 2016) a questionable tax break enacted in 2004 that would let U.S. multinational companies that have shipped jobs overseas reduce their U.S. taxes by deducting more of their worldwide interest income against their U.S. income. This provision has not gone into effect, and not one company currently utilizes this provision.