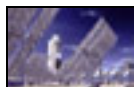


# Federal Incentives for Achieving Clean and Renewable Energy Development on Contaminated Lands



*The development of clean and renewable energy on formerly used land offers many economic and environmental benefits. Combining clean and renewable energy and contaminated land cleanup incentives can allow investors and communities to create economically viable clean and renewable energy redevelopment projects. This document provides a sample of the federal incentives that can be leveraged for clean and renewable energy and development of contaminated land.*



## Incentives for Clean and Renewable Energy

### Renewable Electricity Production Tax Credit

IRS Form 8835

[www.dsireusa.org/library/includes/incentive2.cfm?Incentive\\_Code=US13F&State=federal&currentpageid=1&ee=0&re=1](http://www.dsireusa.org/library/includes/incentive2.cfm?Incentive_Code=US13F&State=federal&currentpageid=1&ee=0&re=1)

Provides per kWh tax credit for the owner, lessee, or operator of a facility that generates electricity including: 2.0¢/kWh for wind, closed-loop biomass and geothermal; 1.0¢/kWh for open-loop biomass, small irrigation hydroelectric, landfill gas, municipal solid waste resources, and hydropower; and \$4.375 per ton for refined coal. This credit is established for fixed periods of time and must be renewed on a periodic basis. It is currently available through 2008.

### Federal Business Investment Tax Credit

IRS Form 3468

[www.dsireusa.org/library/includes/incentive2.cfm?Incentive\\_Code=US02F&State=federal&currentpageid=1](http://www.dsireusa.org/library/includes/incentive2.cfm?Incentive_Code=US02F&State=federal&currentpageid=1)

Provides a tax credit for equipment placed in service from 2006 through 2008, including 30% for solar, solar hybrid lighting, and fuel cells (will revert to 10% in 2009); 10% for microturbines (will expire in 2009); and 10% for geothermal equipment (will remain at 10% in 2009).

### Renewable Energy Production Incentive (REPI)

[www.eere.energy.gov/repil/](http://www.eere.energy.gov/repil/)

Provides per kWh annual incentive payments of 1.0¢/kWh to new qualifying renewable energy facilities on electricity sold to other entities. The incentive is available for the first 10-years of operation, subject to the availability of annual federal appropriations.

### USDA Renewable Energy Systems and Energy Efficiency Improvements Program

[www.rurdev.usda.gov/rbs/farmbill](http://www.rurdev.usda.gov/rbs/farmbill)

Provides funding to agricultural producers and rural small businesses to purchase renewable-energy systems including: guaranteed loans up to 50% of eligible project costs, up to \$10 million; and grants up to 25% of eligible project costs, up to \$500,000.

### Modified Accelerated Cost-Recovery System (MACRS)

[www.dsireusa.org/library/includes/incentive2.cfm?Incentive\\_Code=US06F&State=federal&currentpageid=1&ee=0&re=1](http://www.dsireusa.org/library/includes/incentive2.cfm?Incentive_Code=US06F&State=federal&currentpageid=1&ee=0&re=1)

Allows businesses to recover investment in certain property through depreciation deductions. The federal Energy Policy Act of 2005 classified fuel cells, microturbines and solar hybrid lighting technologies as five-year property. The federal Economic Stimulus Act of 2008 included a 50% bonus depreciation provision for eligible renewable-energy systems acquired and placed in service in 2008.

### Clean Renewable Energy Bonds (CREBs)

[www.irs.gov/irb/2007-14\\_IRB/ar17.html](http://www.irs.gov/irb/2007-14_IRB/ar17.html)

Provides 0% interest bonds to finance public sector renewable energy projects. The borrower pays back only the principal of the bond, and the bondholder receives federal tax credits in lieu of traditional bond interest.

#### Quick Facts

#### Electric Power Industry Generation by Primary Energy Source (EIA, 2006)

Petroleum	1.6%	Other	0.3%
Natural Gas	20.0%	Hydroelectric	7.1%
Coal	49.0%	Other Renewables	2.4%

#### Points of Contact

**Renewable Electricity Production Tax Credit, Federal Business Investment Tax Credit**, IRS Assistance for Businesses, (800) 829-4933

**REPI**, Christine Carter, [christine.carter@go.doe.gov](mailto:christine.carter@go.doe.gov), (303) 275-4755

**MACRS, CREBs**, IRS Public Information, (800) 829-1040

**USDA Renewable Energy Systems and Energy Efficiency Improvements Program**

State contacts listed at: [www.rurdev.usda.gov/rbs/farmbill/contacts.html](http://www.rurdev.usda.gov/rbs/farmbill/contacts.html)



## Incentives for Development of Contaminated Land

### Brownfields Tax Incentive

[www.epa.gov/brownfields/bftaxinc.htm](http://www.epa.gov/brownfields/bftaxinc.htm)

Provides a full tax deduction against federal income tax for environmental cleanup costs at eligible properties in the year the costs were incurred. Hazardous substances or petroleum must be present or potentially present on the property. The taxpayer must be incurring the eligible expenses for use in a trade or business or for the production of income; or, the property must be properly included in the taxpayer's inventory. The taxpayer must obtain a statement from a designated state agency verifying a property's eligibility (see [www.epa.gov/brownfields/stxcntct.htm](http://www.epa.gov/brownfields/stxcntct.htm) for a list of contacts). The Brownfields tax incentive expired on December 31, 2007, and its renewal is currently pending.

#### Quick Facts

**Number of EPA CERCLIS Sites:** 11,923  
Sites identified for potential investigation under the federal Superfund Program

**Number of EPA Brownfields Properties:** 10,098  
Properties being funded or addressed under the EPA Brownfields Program

#### Points of Contact

**Brownfields Tax Incentive**

Sven-Erik Kaiser, [kaiser.sven-erik@epa.gov](mailto:kaiser.sven-erik@epa.gov), 202-566-2753