

Latest House Reconciliation Bill

What's out?

- Tobacco excise tax increase
- Clean Electricity Power Plan
- Capital gains tax increase
- Estate tax increase
- Individual income tax rate increase
- Changes to Section 199A deduction
- Corporate tax rate increase
- Increased IRS bank account reporting

What's in?

- Imposes excise tax on nicotine that has been extracted, concentrated, or synthesized. A previous discussion of this tax estimated it would raise about \$1 billion in revenue per year.
- Extends and creates a refundable \$7,500 Electric Vehicle (EV) tax credit for consumers through 2031. \$12,500 tax credit if the car comes from a union facility. Additional \$500 rebate for EVs with domestically built batteries. Credits limited to one vehicle per taxpayer per year and for incomes below \$400,000 \$250,000 for individuals or \$800,000 \$500,000 for joint filers. Credits limited to EV sedans costing \$55,000 or less, or SUVs or trucks costing \$74,000 \$80,000 or less.
- \$960 billion USDA cost-sharing grant program for marketers to install, retrofit or upgrade UST system infrastructure and pumps to sell higher biofuel blends as well as to build and retrofit traditional and pipeline biodiesel terminal operations and home heating oil distribution centers. EMA will be working to improve this provision.
- Extends the \$1 per gallon biodiesel tax credit through 2026 and extends the \$0.10-per-gallon small agri-biodiesel producer credit through the end of 2031.
- Extends the \$0.50 per gallon excise tax credits for alternative fuels and alternative fuel mixtures through 2026.
- \$600 million for publicly accessible Level 2 EV chargers.
- Extends the nonbusiness energy property credit to property through 2031 and increases the percentage of the credit from 10% of the cost to 30% and lifetime cap from \$600 to \$1,200. Any oil furnace or hot water boiler placed into service before Jan. 1, 2027 that meets or exceeds the 2021 Energy Star efficiency criteria and can use 20 percent or more biodiesel/renewable diesel can qualify for the credit. Following Jan. 1, 2027, only an oil furnace or hot water boiler that achieves a 90 AFUE efficiency rating or more and can use biodiesel/renewable diesel blends of 50 percent or more will qualify for the credit.
- Extension of wind and solar tax credits.
- 15% minimum corporate tax for firms earning more than \$1 billion in annual profits.
- 5% surtax on incomes above \$10 million.
- Fees on oil and gas companies for methane leaks.
- \$360 million for contractor training grants to support home energy efficiency retrofits and \$5.89 billion for state energy offices to provide rebates for retrofits. Provides that home energy efficiency retrofit rebates for high-efficiency natural gas heating, ventilation, air conditioning and cooling (HVAC) systems and water heaters are eligible for six years after the date of enactment.
- \$2.226 billion for DOE for qualifying electrification projects. This provision is part of the Biden Administration's efforts to have electricity be the only energy that American households use. Subsidies will flow to electric stoves and dryers. Unfortunately, it only provides subsidies for electric heat pumps and Electric heat pump water heaters. The total for all programs in this area are \$10,000, with each appliance or retrofit having limits. The maximum for a heat pump for home heating would be \$4,000, for a cold climate heat pump in a cold climate. This is a significant sum; however, it does not close the gap between the cost of replacing an oil appliance and retrofitting a home to install a heat pump.