

LEGAL UPDATES

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DOUG JONES

AUSTIN:

512.479.1178

DOUG.JONES@

HUSCHBLACKWELL.COM

House Narrowly Passes H.R. 2811 Targeting Energy-Related Tax Credits

In an effort to trade an increase in the debt ceiling for spending cuts, the Republican-controlled U.S. House of Representatives has narrowly passed H.R. 2811, dubbed the Limit, Save, Grow Act of 2023. The legislation seeks nearly \$5 trillion in reduced spending over the next 10 years, with \$570 billion purportedly saved by eliminating many of the energy-related tax provisions in the Inflation Reduction Act.

Opposition to the bill in the U.S. Senate is expected to be intense, but H.R. 2811 almost failed to clear the House due to its inclusion of certain biofuel provisions. We noted yesterday that Senator Chuck Grassley (R-IA) had publicly criticized the bill's adverse treatment of biodiesel fuel tax credits, which were extended last year as part of the Inflation Reduction Act. His criticism spread to other Republican members of the Iowa delegation, who bargained with House leadership for an amendment that removed biofuels from the bill, thus paving the way for a 217-215 vote in the House passing the bill. All told, according to Tax Notes, the amendment to the legislation spared extensions of the following three tax credits:

the carbon oxide sequestration tax credit

the biodiesel, renewable diesel, and alternative fuel tax credits

the second-generation biofuel tax incentives

If Senate Democrats make good on their promise to kill the legislation, H.R. 2811 will amount to little in the near term, and even if by some circumstance the legislation gains Senate approval, President Biden would almost surely veto it. Nonetheless, the bill serves as a valuable reminder to renewable energy project developers, owners, and investors to watch closely the public policy developments that bear upon the industry.

What this means to you

Renewable energy project developers, owners, and investors should closely watch the proposed legislation as it makes its way through Congress given the bill's potential to alter the underlying economics of certain ventures.

Contact us

If you have questions about the Inflation Reduction Act's renewable energy provisions or H.R. 2811, please contact your Husch Blackwell attorney.