

# Federal Incentives for Achieving Clean 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 information about Federal incentives that can be leveraged for clean and renewable energy and development of contaminated land.



## Incentives for Clean Energy

### Funding (grants, loans, bonds, etc.)

#### Department of Energy (DOE) Recovery and Reinvestment Funding Opportunities

[www.energy.gov/recovery/funding.htm](http://www.energy.gov/recovery/funding.htm)

The American Recovery and Reinvestment Act of 2009 (ARRA) designates \$16.8 billion for the Office of Energy Efficiency and Renewable Energy (EERE) divided across several EERE programs, including funding opportunities for biomass, solar, and wind projects, and block grants, which provide funds to units of local and state government, Indian tribes, and territories to develop and implement projects to improve energy efficiency and reduce energy use and fossil fuel emissions in their communities.

#### Clean Renewable Energy Bonds (CREB)

[www.irs.gov/pub/irs-drop/n-09-33.pdf](http://www.irs.gov/pub/irs-drop/n-09-33.pdf)

Provides 0% interest bonds to finance public sector renewable energy projects. ARRA authorizes the allocation of as much as \$1.6 billion for CREBs.

#### USDA Rural Energy for America Program (REAP)

[www.rurdev.usda.gov/rbs/busp/9006grant.htm](http://www.rurdev.usda.gov/rbs/busp/9006grant.htm)

Provides agricultural producers and rural small businesses with funding for renewable energy systems. Grants are limited to 25% of a proposed project's cost, and a loan guarantee may not exceed \$25 million.

#### U.S. Department of Treasury – Renewable Energy Grants

[www.treas.gov/recovery](http://www.treas.gov/recovery)

Authorized by ARRA, provides grants equal to 30% of the basis of the property for solar, fuel cells, small wind turbines, and other qualified facilities.

#### U.S. Department of Energy (DOE) – Loan Guarantee Program

[www.lgprogram.energy.gov](http://www.lgprogram.energy.gov)

Offers loan guarantees for energy efficiency, renewable energy and advanced transmission and distribution projects. ARRA extends the authority of the DOE to issue loan guarantees and appropriated \$6 billion for the program.

### Tax Incentives (abatements, deductions, credits, etc.)

#### Renewable Electricity Production Tax Credit (PTC)

[www.irs.gov/pub/irs-pdf/f8835.pdf](http://www.irs.gov/pub/irs-pdf/f8835.pdf)

Provides a per kilowatt hour (kWh) tax credit for electricity generated by qualified energy resources during the taxable year. ARRA revised the credit by: (1) extending the in-service deadline; and (2) allowing facilities that qualify for the PTC to opt instead to take the federal business energy investment tax credit (ITC) (see below) or an equivalent cash grant (see above) from the U.S. Department of Treasury. Preliminary guidance is at [www.irs.gov/pub/irs-drop/n-09-52.pdf](http://www.irs.gov/pub/irs-drop/n-09-52.pdf).

#### Business Energy Investment Tax Credit (ITC)

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

Provides a tax credit for equipment placed in service before 2016, including 30% for solar, small wind turbine, and fuel cells. ARRA expanded the credit and repealed a previous limitation on the use of the credit for eligible projects also supported by "subsidized energy financing."

#### Qualifying Advanced Energy Project ITC

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

Provides an ITC to encourage the development of a U.S.-based renewable energy manufacturing sector. In any taxable year, the investment tax credit is equal to 30% of the qualified investment required for an advanced energy project. Any taxpayer receiving this credit may not also receive the Business Energy ITC.

#### Renewable Energy Production Incentive (REPI)

[apps1.eere.energy.gov/repil/](http://apps1.eere.energy.gov/repil/)

Provides per kWh annual incentive payments of 1.5¢/kWh to new qualifying renewable energy facilities.

### Technical Assistance and Other Incentives

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

[www.dsireusa.org/documents/Incentives/US06Fa.htm](http://www.dsireusa.org/documents/Incentives/US06Fa.htm)

Allows businesses to recover investment in certain property through depreciation deductions. ARRA extended the terms of the program.

#### Points of Contact

**Internal Revenue Service**, [www.irs.gov](http://www.irs.gov)

##### CREB and MARCS

IRS Public Information, (800) 829-1040

##### Renewable Electricity PTC, Federal Business Energy ITC

IRS Assistance for Businesses, (800) 829-4933

##### U.S. Department of Agriculture, Rural Business-Cooperative Service

REAP, [www.rurdev.usda.gov/rbs/](http://www.rurdev.usda.gov/rbs/), (202) 690-4730

##### U.S. Department of Treasury, [www.ustreas.gov](http://www.ustreas.gov)

##### Renewable Energy Grants, Qualifying Advanced Energy Project ITC

(202) 622-2000 or [1603Questions@do.treas.gov](mailto:1603Questions@do.treas.gov)

##### U.S. Department of Energy, [www.doe.gov](http://www.doe.gov), [www.eere.energy.gov](http://www.eere.energy.gov),

**Recovery Funding**, [www.energy.gov/recovery/index.htm](http://www.energy.gov/recovery/index.htm), (888) 363-7289

**Loan Guarantees**, Loan Guarantee Program Office, (202) 586-8336

#### Quick Facts

Primary Energy Source (EIA, 2006)			
Petroleum-Fired	1.6%	Nuclear	0.3%
Natural Gas-Fired	20.0%	Hydroelectric	7.1%
Coal-Fired	49.0%	Other Renewables	2.4%



# Incentives for Development of Contaminated Land



## Funding (grants, loans, bonds, etc.)

### U.S. Environmental Protection Agency (EPA) Brownfields Grants

[www.epa.gov/swerosps/bf/pilot.htm](http://www.epa.gov/swerosps/bf/pilot.htm)

#### Assessment Grants

[www.epa.gov/brownfields/assessment\\_grants.htm](http://www.epa.gov/brownfields/assessment_grants.htm)

Provides funding for a grant recipient to inventory, characterize, assess, and conduct planning and community involvement related to brownfield sites. An eligible entity may apply for up to \$200,000 to assess a site. Assessment proposals may be submitted by coalitions of eligible entities to pool their grant funds. Assessment coalitions may submit only one proposal up to \$1,000,000. The performance period for these grants is three years.

#### Cleanup Grants

[www.epa.gov/brownfields/cleanup\\_grants.htm](http://www.epa.gov/brownfields/cleanup_grants.htm)

Provides funding to brownfield properties that have been determined to have an actual release or a substantial threat of release for a hazardous substance. An individual applicant can apply for up to \$1,000,000. Coalitions of eligible entities may apply together under one applicant for up to \$1,000,000 per eligible entity. Loans may also be used at sites with a release or substantial threat of release of a pollutant or contaminant that may present an imminent or substantial danger to public health or welfare.

#### Revolving Loan Fund Grants

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

Provides funding to brownfield properties that have been determined to have an actual release or substantial threat of release of a hazardous substance. An individual applicant can apply for up to \$1,000,000. Coalitions of eligible entities may apply together under one applicant for up to \$1,000,000 per eligible entity.

#### Job Training Grants

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

Provides funding up to \$200,000 over two years. Applicants must establish procedures to ensure that graduates will be employed in brownfields and/or environmental work that involve the assessment, cleanup, and/or redevelopment of contaminated sites with a focus on the graduates' respective communities.

#### Training, Research, and Technical Assistance Grants

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

Provides funding for eligible entities or nonprofit organizations to provide brownfields training, research, and technical assistance to individuals and organizations. The maximum amount of funding available per applicant is \$1,500,000. Applicants may propose performance periods of up to five years, with the maximum annual funding not to exceed \$300,000.

## Tax Incentives (abatements, credits, deductions, etc.)

### Brownfields Tax Incentive

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

Allows environmental cleanup costs at eligible properties to be fully deductible in the year incurred, rather than capitalized and spread over a period of years. Hazardous substances or petroleum must be present or potentially present on the property. The taxpayer must incur 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 has been extended through December 31, 2009.

## Technical Assistance

### The Revitalization Handbook

[www.epa.gov/compliance/resources/publications/cleanup/brownfields/handbook/index.html](http://www.epa.gov/compliance/resources/publications/cleanup/brownfields/handbook/index.html)

Addresses environmental cleanup liability risks associated with the revitalization of contaminated property or sites.

## Limitations on Liability

There are different types of contaminated property in the United States. Prospective purchasers, developers, and lenders may hesitate to get involved with properties that have real or perceived contamination because they fear that they might be held liable under the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) or the Resource Conservation and Recovery Act (RCRA). The vast majority of contaminated properties, however, will not require EPA's attention under CERCLA, RCRA, or any other federal law. More often, the state will oversee any needed cleanup under the state laws, many of which provide liability relief to prospective purchasers. Additional state-specific liability relief information is provided in the State-specific Incentive Sheets. Additional private mechanisms such as insurance and indemnity provisions can further clarify and account for potential liability issues.

### Brownfields Amendments

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

In January 2002, CERCLA was amended through enactment of Public Law 107-118, ("Brownfields Amendments"). Among other things, the Brownfields Amendments address certain liability concerns to encourage redevelopment. The Brownfields Amendments provide new liability protection for certain parties: innocent landowner, contiguous property owner, or bona fide prospective purchaser (BFPP). To be eligible, parties must: conduct All Appropriate Inquiries in compliance with 40 CFR Part 312, prior to acquiring the property; comply with all Continuing Obligations after acquiring the property; and not be affiliated with any liable party.

## Quick Facts

Number of EPA CERCLIS Sites:	12,617
Sites identified for potential investigation under the federal Superfund Program	
Number of EPA Brownfields Properties:	17,759
Properties being funded or addressed under the EPA Brownfields Program	
<i>There may be some overlap among the categories listed and sites listed may not represent all potentially contaminated sites in the United States.</i>	

## Points of Contact

### Office of Brownfields and Land Revitalization

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

### EPA Brownfields Grants

[www.epa.gov/swerosps/bf/pilot.htm](http://www.epa.gov/swerosps/bf/pilot.htm), (202) 566-2777

### Brownfields Limitations on Liability, The Revitalization Handbook

[www.epa.gov/brownfields/liab.htm](http://www.epa.gov/brownfields/liab.htm), (202) 566-2777

### Brownfields Tax Incentive

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

Information current as of July 2009; please refer to [www.epa.gov/brownfields/pubs/st\\_res\\_prog\\_report.htm](http://www.epa.gov/brownfields/pubs/st_res_prog_report.htm) and the federal Web sites provided, or contact the points of contact identified above for more up to date information.