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JOHN LEWIS, GEORGIA**Congress of the United States**JOINT COMMITTEE ON TAXATION
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<http://www.jct.gov>ROBERT P. HARVEY
DEPUTY CHIEF OF STAFF
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DEPUTY CHIEF OF STAFFHonorable Martin Heinrich
United States Senate
SH-303
Washington, D.C. 20510**FEB 06 2018**Honorable Michael F. Bennett
United States Senate
SR-261
Washington, D.C. 20510

Dear Senator Heinrich and Senator Bennett:

This letter contains a revenue estimate in response to your request dated November 3, 2107, for a revenue estimate of S. 1868, the “Energy Storage Tax Incentive and Deployment Act of 2017,” that would amend the Internal Revenue Code (the “Code”) section 48 energy credit in addition to the Code section 25D residential energy efficient property credit.

S. 1868 would modify the Code section 48 energy credit by adding energy storage technologies to the definition of energy property under Code section 48(a)(3) which would be defined in your proposal as:

“[E]quipment which receives, stores, and delivers energy using batteries, compressed air, pumped hydropower, hydrogen storage (including hydrolysis), thermal energy storage, regenerative fuel cells, flywheels, capacitors, superconducting magnets, or other technologies identified by the Secretary in consultation with the Secretary of Energy, and which has a capacity of not less than 5 kilowatt hours”.

Energy storage technologies would be eligible for a 30-percent credit that is phased-down to 26 percent for construction which begins in 2020, 24 percent for construction which begins in 2021, and 10 percent for property which is placed-in-service after December 31, 2023.

S. 1868 would also include “qualified battery storage technology” to the list of eligible equipment under Code section 25D(a). Battery storage technology is defined as battery storage equipment which is installed on or in connection with a dwelling unit located in the United States and which is used as a residence by the taxpayer, and which has a capacity of not less than 3 kilowatt hours. Qualified battery storage technologies would be eligible for a 30-percent credit that is phased-down to 26 percent for construction which begins in 2020, to 22 percent for construction which begins in 2021, and zero percent for property which is placed-in-service after December 31, 2023.

Congress of the United States

JOINT COMMITTEE ON TAXATION

Washington, DC 20515-6453

Honorable Martin Heinrich
Honorable Michael Bennett
United States Senate

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The following provides the estimated effects of S. 1868 on Federal fiscal year budget receipts. Per conversation with Dan Alpert of Senator Heinrich's staff, we have assumed the bill is effective for amounts paid or incurred after December 31, 2017. The revenue estimate incorporates the effects of tax provisions contained in Public Law 115-97, commonly referred to as the "Tax Cuts and Jobs Act," and is relative to the CBO 2017 macroeconomic baseline.

	Fiscal Years						
	[Millions of Dollars]						
<u>Item</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2018-22</u>	<u>2018-27</u>
Section 48.....	-12	-30	-40	-43	-35	-160	-259
Section 25D.....	-1	-5	-10	-13	-13	-42	-51

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,



Thomas A. Barthold