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S. 3188 – American Renewable Biomass Heating Act of 2010

Legislation Overview	
Co-Sponsors:	Sen. Jeanne Shaheen (D-NH), Sen. Lisa Murkowski (R-AK), Sen. Mike Crapo (R-ID), Sen. Mark Begich (D-AK)
Incentive Type:	Corporate Investment Tax Credit
State/ Federal:	Federal
Applicable Sectors:	Commercial, Industrial
Eligible Equipment	Biomass boilers and furnaces
Amount:	30% of installed cost (no maximum)
Equipment Requirements:	Systems must operate at greater than 75% efficiency
Expiration:	December 31, 2013
Authority:	§ 48 of the Internal Revenue Code

Background

To encourage investment in renewable energy, there is a corporate tax credit available under § 48 of the Internal Revenue Code for the installation of solar, fuel cell, wind, geothermal, microturbine, or combined heat and power (CHP) technologies. In general, the credit ranges from 10-30% of the installed cost of the system. Solar, geothermal, and CHP technologies that provide useful thermal energy are eligible. Biomass heating systems, by comparison, are currently ineligible to receive the credit.

Summary

This bill would establish a corporate tax credit equal to 30% of the installed cost of biomass heating systems for commercial or industrial applications, with no maximum. This credit would be established within § 48 of the Internal Revenue Code.

To qualify for the credit, boilers and furnaces would be required to operate at greater than 75% efficiency and provide thermal energy for space heating, air conditioning, domestic hot water, or industrial process heat. The credit would be available for biomass heating systems placed in service on or before December 31, 2013.

Estimated Impact through 2013¹

This bill would:

- Reduce consumption of foreign oil by 25 million gallons
- Cut spending on foreign oil by \$75 million
- Eliminate 280,000 tons of CO₂ emissions from the use of heating oil²
- Create over \$37 million in new tax revenues from the sale and installation of equipment; the sale of domestically produced fuel; and the additional commerce created from fuel savings

¹ Strauss, William. "An Analysis of the Expected Demand for Wood Pellet and Wood Chip Fueled Commercial and Industrial Boilers," FutureMetrics, October 2009.

² Heating oil contains 22.385 pounds of CO₂ per gallon. Source: U.S. Energy Information Administration