119TH CONGRESS
2D SESSION

S. ______

To amend the Internal Revenue Code of 1986 to establish a tax credit for installation of regionally significant electric power transmission lines.

IN THE SENATE OF THE UNITED STATES

Mr. HEINRICH introduced the following bill; which was read twice and referred to the Committee on ____________________

A BILL

To amend the Internal Revenue Code of 1986 to establish a tax credit for installation of regionally significant electric power transmission lines.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Grid Resiliency Tax Credit Act''.

SEC. 2. FINDINGS.

Congress finds the following:

(1) A robust electric power transmission system is critical to the economic, energy, and national security of the United States.

(2) The electric grid faces challenges from aging infrastructure and a need for increased electric power transmission capacity.

(3) The United States faces a pressing need to expand electric power transmission.

(4) Financial support for electric grid transmission buildout provides protection from electric rate increases that would otherwise apply to American consumers.

(5) Electric power transmission investments will—

(A) improve resilience and lower costs by enabling access to diverse generation resources across the country;

(B) increase the electric grid's ability to weather storms and wildfire by enabling access to financial support for grid resilience measures;

(C) promote economic benefits and create new jobs in communities across the country; and

(D) enhance electric grid reliability.

SEC. 3. ESTABLISHMENT OF ELECTRIC POWER TRANSMISSION LINE CREDIT.

(a) IN GENERAL.—Subpart E of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 48E the following new section:

"SEC. 48F. QUALIFIED ELECTRIC POWER TRANSMISSION LINE CREDIT.

"(a) ALLOWANCE OF CREDIT.—For purposes of section 46, the qualified electric power transmission line credit for any taxable year is an amount equal to 30 percent of the qualified investment for such taxable year with respect to any qualified electric power transmission line of the taxpayer.

"(b) QUALIFIED INVESTMENT.—

"(1) IN GENERAL.—For purposes of subsection (a), the qualified investment with respect to any qualified electric power transmission line for any taxable year is the sum of—

"(A) the basis of any qualified property placed in service by the taxpayer during such taxable year which is part of a qualified electric power transmission line, plus

"(B) the amount of any expenditures which are paid or incurred by the taxpayer for the construction, reconstruction, erection, or modification of qualified substation property in connection with a qualified electric power transmission line of the taxpayer.

"(2) QUALIFIED PROPERTY.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'qualified property' means property—

"(i) which is—

"(I) tangible personal property, or

"(II) other tangible property (not including a building or its structural components), but only if such property is used as an integral part of the qualified electric power transmission line,

"(ii) with respect to which depreciation (or amortization in lieu of depreciation) is allowable, and

"(iii)(I) the construction, reconstruction, or erection of which is completed by the taxpayer, or

"(II) which is acquired by the taxpayer if the original use of such property commences with the taxpayer.

"(B) INCLUDED PROPERTY.—For purposes of this subsection, the term 'qualified property' shall include—

"(i) any conductors or cables, towers, insulators, reactors, capacitors, circuit breakers, static VAR compensators, static synchronous compensators, power converters, transformers, synchronous condensers, braking resistors, and any other property which is part of a substation, converter station, or switchyard, and

"(ii) any property which increases the capacity, efficiency, reliability, resilience, or safety of a qualified electric power transmission line.

"(3) QUALIFIED SUBSTATION PROPERTY.—For purposes of this subsection, the term 'qualified substation property' means, with respect to a qualified electric power transmission line, any tangible property which—

"(A) is part of an addition, improvement, or upgrade at the point of connection (including at a substation) to a transmission or distribution system which is required to connect such line to such transmission or distribution system, and

"(B) is not described in paragraph (1)(A).

"(4) CERTAIN QUALIFIED PROGRESS EXPENDITURES RULES MADE APPLICABLE.—Rules similar to the rules of subsections (c)(4) and (d) of section 46 (as in effect on the day before the enactment of the Revenue Reconciliation Act of 1990) shall apply for purposes of this section.

"(c) QUALIFIED ELECTRIC POWER TRANSMISSION LINE.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified electric power transmission line' means a line used for the transmission of electric energy which is—

"(A) a qualified significant transmission line or a qualified generator tie line, and

"(B) either—

"(i) placed in service after December 31, 2026, or

"(ii)(I) in the case of a qualified significant transmission line which is placed in service before January 1, 2027, modified in a manner that increases the transmission capacity of such line by not less than 500 megawatts, or

''(II) in the case of a qualified generator tie line, modified after December 31, 2026, in a manner that increases the transmission capacity of such line.

''(2) QUALIFIED SIGNIFICANT TRANSMISSION LINE.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'qualified significant transmission line' means any electric power transmission line which—

''(i) has a transmission capacity of not less than 500 megawatts,

''(ii) satisfies either of the requirements described in subparagraph (B), and

''(iii) is part of a project described in subparagraph (C) that transmits electricity—

''(I) across a State boundary (including any boundary as defined in section 2(b) of the Submerged Lands Act of 1953 (43 U.S.C. 1301(b))),

''(II) ''between 2 or more transmission planning subregions identified in the most recent study published pursuant to section 216(a)(1) of the Federal Power Act (16 U.S.C. 824p(a)(1)) before the date on which construction begins on the project,

"(III) across or wholly within the outer Continental Shelf (as defined in section 2(a) of the Outer Continental Lands Act (43 U.S.C. 1331(a))), or

"(IV) for not less than 100 continuous miles.

"(B) VOLTAGE REQUIREMENTS.—The requirements described in this subparagraph with respect to any electric power transmission line are the following:

"(i) Such transmission line is capable of transmitting electricity at an alternating current voltage of not less than 345 kilovolts or direct current voltage of not less than 200 kilovolts.

"(ii) Such transmission line includes an advanced transmission conductor and is capable of transmitting electricity at a voltage of not less than 100 kilovolts.

"(C) PROJECT REQUIREMENTS.—For purposes of subparagraph (A)(iii), a project described in this subparagraph—

"(i) shall consist of 1 or more electric power transmission lines that begin and end with a substation, converter station, or switchyard, and

"(ii) may be placed in service by more than 1 taxpayer during more than 1 taxable year.

"(D) RELATED DEFINITIONS.—For purposes of subparagraph (B), the term 'advanced transmission conductor' means an electric transmission conductor that demonstrates—

"(i) an improvement in ampacity over an aluminum conductor steel-reinforced conductor of similar construction of no less than 60 percent measured in terms of ampacity at maximum continuous operating temperature under continuous use,

"(ii) a direct current electrical resistance, measured at 20 degrees Celsius, that is 90 percent or less than that of an aluminum conductor steel-reinforced conductor of a similar construction, and "(iii) no more sag than that of an aluminum conductor steel-reinforced conductor of a similar construction at maximum continuous operating temperature.

"(3) QUALIFIED GENERATOR TIE LINE.—For purposes of this subsection, the term 'qualified generator tie line' means any electric power transmission line which—

"(A) is capable of transmitting electricity at a voltage of not less than 230 kilovolts, and

"(B) is primarily used to—

"(i) connect to or upgrade network capacity for a new or expanded facility used to generate electricity to an electric transmission line, or

"(ii) to connect to, or upgrade network capacity for, energy storage technology.

"(4) ENERGY STORAGE TECHNOLOGY.—For purposes of this subsection, the term 'energy storage technology' has the same meaning given such term under paragraph (6) of section 48(c), except that such paragraph shall be applied without regard to subparagraphs (A)(ii) and (D) thereof.

“(d) DENIAL OF DOUBLE BENEFIT.—A credit shall not be allowed under this section for any qualified property or any qualified substation property in connection with a qualified electric power transmission line for which a credit is allowed under section 48 or 48E.

“(e) TERMINATION.—This section shall not apply to any property the construction of which begins after December 31, 2036.”.

(b) PUBLIC UTILITY PROPERTY.—Paragraph (2) of section 50(d) of the Internal Revenue Code is amended—

(1) by striking “(as defined in section 48(c)(6))” and inserting “(as defined in section 48(c)(6), except that subparagraph (D) of such section shall not apply) or any qualified electric power transmission line (as defined by section 48F(c))”, and

(2) in subparagraph (B)—

(A) by inserting “or qualified electric power transmission line” after “each energy storage technology”, and

(B) by inserting “or the qualified electric power transmission line” after “the energy storage technology”.

(c) ELECTIVE PAYMENT AND TRANSFER OF CREDIT.—

(1) ELECTIVE PAYMENT.—Section 6417 of the Internal Revenue Code of 1986 is amended—

(A) in subsection (b), by adding at the end the following:

"(13) The qualified electric power transmission line credit determined under section 48F.", and

(B) in subsection (d)(1)—

(i) in subparagraph (A)—

(I) in clause (v), by striking "or" at the end,

(II) in clause (vi), by striking the period at the end and inserting ", or", and

(III) by adding at the end the following new clause:

"(vii) any Federal power marketing agency (as defined in section 3 of the Federal Power Act (16 U.S.C. 796)).",

(ii) in subparagraph (E), by striking "(C), or (D)" each place it appears and inserting "(C), (D), or (E)",

(iii) by redesignating subparagraph (E) (as amended by clause (ii)) as subparagraph (F), and

(iv) by inserting after subparagraph (D) the following new subparagraph:

"(E) ELECTION WITH RESPECT TO QUALIFIED ELECTRIC POWER TRANSMISSION LINE CREDIT.—If a taxpayer other than an entity described in subparagraph (A) makes an election under this subparagraph with respect to any taxable year in which such taxpayer has made a qualified investment with respect to any qualified electric power transmission line (as defined in section 48F), such taxpayer shall be treated as an applicable entity for purposes of this section for such taxable year, but only with respect to the credit described in subsection (b)(13).".

(2) TRANSFER.—Section 6418(f)(1)(A) of the Internal Revenue Code of 1986 is amended by adding the following new clause:

"(xiii) The qualified electric power transmission line credit under section 48F.".

(3) EXEMPTING DIRECT PAYMENTS FROM SEQUESTRATION.—Subsection (d) of section 255 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905) is amended by adding at the end the following new paragraph:

"(3) ELECTIVE PAYMENT OF APPLICABLE CREDITS.—Payments made to taxpayers pursuant to elections under section 6417 of the Internal Revenue Code of 1986, or amounts treated as payments which are made by taxpayers under subsection (a) of such section, shall be exempt from reduction under any order issued under this part.".

(d) CONFORMING AMENDMENTS.—

(1) Section 46 of the Internal Revenue Code of 1986 is amended—

(A) by striking "and" at the end of paragraph (6),

(B) by striking the period at the end of paragraph (7) and inserting ", and", and

(C) by adding at the end the following new paragraph:

"(8) the qualified electric power transmission line credit.".

(2) Section 49(a)(1)(C) of such Code is amended—

(A) by striking "and" at the end of clause (vii),

(B) by striking the period at the end of clause (viii) and inserting ", and", and

(C) by adding at the end the following new clause:

"(ix) the basis of any qualified electric power transmission line under section 48F.".

(3) Section 59A(b)(1)(B)(ii) of such Code is amended by striking "plus" at the end of subclause (I), by redesignating subclause (II) as subclause (III), and by inserting after subclause (I) the following new subclause:

"(II) the credit allowed under section 38 for the taxable year which is properly allocable to the investment credit determined under section 46, but only to the extent properly allocable to the qualified electric power transmission line determined under section 48F, plus".

(4) Section 38(c)(4)(B) of such Code is amended—

(A) by redesignating clauses (xi) and (xii) as clauses (xii) and (xiii), respectively, and

(B) by inserting after clause (x) the following new clause:

"(xi) the credit determined under section 46 to the extent that such credit is attributable to the qualified electric power transmission line determined under section 48F,".

(5) The table of sections for subpart E of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 48E the following new item:

"Sec. 48F. Qualified electric power transmission line credit.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2026, and to expenditures which are paid or incurred after such date.