

Alerts and Updates

PRESIDENT OBAMA ANNOUNCES WINNERS OF \$2.3 BILLION IN NEW CLEAN ENERGY MANUFACTURING TAX CREDITS

January 13, 2010

On January 8, 2010, President Obama announced the selection of 183 projects to receive a 30-percent tax credit for investments in manufacturing facilities for clean energy technologies. The federal government will provide \$2.3 billion in such tax credits to manufacturing projects located in 43 states. The tax credit program would leverage an additional \$5.4 billion in private sector funding and—through the combined public/private funding—is anticipated to create up to 41,000 new "green" jobs.

As described in our [August 21, 2009 Alert](#), the tax credit program was created by and funded through Section 1302 of the American Recovery and Reinvestment Act ("ARRA"), enacted in February 2009 and codified as Section 48C of the Internal Revenue Code. More than 500 applications were filed with the U.S. Department of Energy ("DOE") in September 2009 and October 2009, seeking more than \$8 billion in Section 48C tax credits. The DOE evaluated the projects based on the following criteria:

- Commercial viability
- Domestic job creation
- Technological innovation
- Speed to project completion
- Potential for reducing air pollution and greenhouse gas emissions

In addition, the DOE considered additional factors, such as:

- Diversity of geography
- Technology and project size
- Regional economic development

Duane Morris Client Selected for Two Wind-Tower Manufacturing Projects

Johnson Plate & Tower Fabrication, Inc., represented by [James W. McTarnaghan](#) (San Francisco) and [Daniel J. Bauer](#) (New York) of the Duane Morris [Renewable Energy and Sustainability Practice Group](#), submitted two applications for Section 48C tax credits related to investment for the re-equipment of existing wind-tower manufacturing facilities in Canutillo, Texas, and for the establishment of a new facility in Santa Teresa, New Mexico. Both projects were subsequently recommended by the DOE and then certified by the U.S. Internal Revenue Service ("IRS") as eligible for over \$3.8 million in tax credits. These tax credits will support substantial private investment and are likely to create new jobs in an economically challenged region of Texas and New Mexico near the Mexican border.

Additional Opportunities for Section 48C Tax Credits

Given the high demand for these tax credits, the White House has asked Congress to expand the program, with an additional \$5 billion budget appropriation in 2010. If this happens, the DOE would likely reconsider many of the projects for which tax credits were not initially granted. It is unknown at this time if an applicant would be able to revise its application. The DOE and IRS may open a brief window during which new applications could be submitted. As with the initial round, a second round of new or revised applications is likely to have tight submission deadlines to facilitate expedited review and prompt awards of tax credits to qualified entities. Therefore, companies interested in pursuing tax credits may want to consider early preparation of the required highly detailed applications.

For Further Information

If you have questions about this *Alert*, Section 48C tax credits and other ARRA funding opportunities, please contact [James W. McTarnaghan](#) in our San Francisco office, any other member of the [Renewable Energy and Sustainability Practice Group](#) or the attorney in the firm with whom you are regularly in contact.

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