THE MATSUNAGA AMENDMENT TO PRESERVE THE RENEWABLE ENERGY TAX CREDIT


II. Purpose of Amendment: To Preserve the Energy and Investment Tax Credits (provided by 1978, 1979 tax laws) for Certain Renewable Energy Property:
   A. Solar.
   B. Wind.
   C. Hydropower.
   D. Geothermal.
   E. Ocean Thermal.
   F. Biomass (including alcohol fuel equipment).
   G. Recycling.
   H. Cogeneration.

III. "At-Risk" Provision in the Bill, H. J. Res. 266, would:
   A. Disallow energy and investment tax credit to the extent the equipment is purchased with non-recourse loans, where the borrower's liability for the loan is limited to the property placed as collateral.
   B. Under a narrow exception, allow non-recourse loans to be used to compute the tax credits if obtained from:
      1. Banks and regulated depository institutions.
      2. Insurance companies.

IV. "At-Risk Rule," as applied to Alternative Renewable Energy, fails to recognize that:
   A. Investors are reluctant to take on personal liability for experimental technology projects, like solar parabolic heaters.
   B. Banks are reluctant to finance new technology in renewable energy projects.
   C. Only renewable energy equipment makers and sellers to promote their equipment and market their technology, often provide financing to buyers, much as GMAC finances GM cars.
   D. Renewable energy projects typically use non-recourse financing from equipment sellers and manufacturers. These projects would lose the energy and investment tax credit under the bill unless the amendment is adopted.
   E. Without the full incentive provided by tax credits many alternative energy projects will not be possible.

V. Revenue Cost of Amendment: Negligible.