

## Clean Energy and Climate Change Bonds

Currently, there is legislation in both chambers of Congress proposing to finance the deployment of renewable energy and energy efficiency technologies, as well as climate change adaptation projects, through the issuance of U.S. savings bonds. Termed “Clean Energy Victory Bonds” in the House bill, [H.R. 4162](#), and “Climate Change Bonds” in the Senate bill, [S. 2860](#), the proposals are inspired by the vastly successful World War II “Victory Bonds” program. Over the course of WWII, 80 percent of US households purchased Victory Bonds, helping to raise more than \$2 trillion in today’s dollars.

### H.R. 4162 – Clean Energy Victory Bond Act of 2015

Rep. Zoe Lofgren (D-Calif.-19) introduced H.R. 4162, the Clean Energy Victory Bond Act of 2015, on December 2, 2015. The bill would help drive investment in energy efficiency and other clean energy projects through the creation of a new savings bond program. The bill would direct the Department of the Treasury to issue up to \$7.5 billion in Clean Energy Victory Bonds per issuance, up to a maximum \$50 billion aggregate amount during the 4-year period after initial capitalization. The bonds would be in the form of U.S. savings bonds of Series EE in denominations of \$25. The bill sets interest for Clean Energy Victory Bonds at the rate for savings bonds of Series EE (0.1 percent) and Series I (0.26 – 1.64 percent), plus a rate of return reflecting the valuation of carbon mitigated or energy saved through projects funded from the proceeds of such bonds. Revenue from bond issuances would support and extend clean energy and energy efficiency tax incentives, including investment tax credits, production tax credits, and home energy credits, among others.

### S. 2860 – Climate Change Adapt America Bond Act of 2016

Senators Barbara Boxer (D-Calif.) and Richard Durbin (D-Ill.) introduced S. 2860, the Climate Change Adapt America Bond Act of 2016, on April 27th, 2016. Rather than funding the deployment of “clean energy and energy efficiency,” the bill aims to finance “climate change adaptation projects” through the issuance of savings bonds. Adaptation and resilience projects include a wide variety of activities ranging from flood mitigation assistance to crop planning for rural communities. The bill would direct the Department of the Treasury to issue up to \$200 million in Climate Change Bonds, in the form of U.S. savings bonds, annually. The bill establishes an “Adapt America Fund” within the Department of Commerce to finance climate change resiliency projects from the bond issuance proceeds. The Secretary would select resiliency projects from eligible applicants, including: federal, state, local, and tribal governments; utility districts, regional transit agencies, public authorities, and nonprofit organizations. Lastly, the bill creates an 11-member Climate Change Advisory Commission from the public, private sectors, and higher education institutions selected by the president and congressional leadership. The Commission would offer recommendations to the Secretary on how to best use the “Adapt America Fund” to improve and adapt energy, transportation, water and general infrastructure at risk for climate change impact.

Issue	H.R. 4162	S. 2860
<b>Bond Issuance Amount</b>	An amount not to exceed \$7,500,000,000 per issuance, up to possible \$50,000,000,000 in aggregate over 4 years. At the end of 4 years, another \$50,000,000 in aggregate bonds may be issued over next 4-year period.	An amount not to exceed \$200,000,000 annually.
<b>Interest Rate</b>	Interest will be at rate the Secretary of the Treasury sets for Savings Bonds of Series EE and Series I, plus rate of return determined by Secretary which is based on the valuation of carbon mitigated or energy saved through projects funded from the proceeds of such bonds.”	Interest will be in a manner consistent with other savings bonds. No added interest in consideration of carbon mitigation or energy savings.
<b>Direction of Revenue from savings bonds sale</b>	Uses the revenue raised by the issuance of Clean Energy Victory Bonds to pay for the extension or addition of energy-related tax benefits.	Uses the revenue raised by the issuance of Climate Change Bonds to fund projects that aid in adaptation to climate change, and for other purposes.
<b>Formation of Climate Change Advisory Commission</b>	No similar entity established.	<ul style="list-style-type: none"> <li>Establishes a commission of 11 members from the public, private sectors, and higher education institutions.</li> <li>The Commission will establish recommendations on how to invest revenue from Climate Change Bonds to improve and adapt energy, transportation, water and general infrastructure expected to be impacted by climate change.</li> </ul>
<b>Formation of “Adapt America Fund” within the Department of Commerce</b>	No similar entity established.	<ul style="list-style-type: none"> <li>Establishes an “Adapt America Fund” within Department of Commerce.</li> <li>The Secretary of Commerce, along with Commission, provide funds to climate change adaptation projects.</li> <li>Eligible entities in program defined as Federal, state, local, and tribal governments. Utility districts, regional transit agencies, public authorities, and nonprofit organizations are also eligible (as well as any other entity, as determined by Secretary)</li> </ul>
<b>Extension of Tax Benefits for Energy-Related Projects</b>	<ul style="list-style-type: none"> <li>Extends through 2023 the tax credit for investment in solar energy property, geothermal heat pumps, fuel cell property, microturbine property, combined heat and power system property, and small wind energy property.</li> <li>Allows energy tax credit investment in offshore wind facilities placed in service before January 1, 2022.</li> <li>Extends through 2024 the tax credit for residential energy efficiency improvements.</li> <li>Extends through 2023 the placed-in-service requirement for wind facilities and other renewable energy facilities.</li> <li>Extends through 2023 the tax credit for nonbusiness residential energy property;</li> <li>Allows new tax credit, through 2024, for home energy efficiency improvements that increase energy efficiency by at least 20%.</li> <li>Extends through 2023 the tax credit for new energy efficient homes.</li> <li>Increases, and extends through 2023, the tax deduction for energy efficient commercial buildings.</li> <li>Directs the Department of Energy to establish a voluntary voucher program, through 2018, for purchase of plug-in electric vehicles.</li> </ul>	No similar tax benefits.

