



Financing Our Energy Future Act (S.1034)

The Financing Our Energy Future Act makes a tax-advantaged corporate structure available to more types of clean energy projects.

Summary

The Financing Our Energy Future Act is a bipartisan proposal to expand clean energy financing through master limited partnerships (MLPs). The bill amends existing law to include a broader set of clean energy sources as qualified sources.

History

Master limited partnerships are beneficial financial structures because they are taxed as partnerships while ownership is traded like a stock. In comparison to a traditional stock where the corporate entity is taxed and the shareholder is taxed, because the MLP structure is treated as a partnership only the shareholder is taxed. Thus, the tax liability and cost is much lower for qualifying projects. Additionally, because the ownership is traded on national exchanges, projects are able to take advantage of liquid markets and additional cash flow. For investors, investing in a MLP offers a low-risk, long-term investment income stream.

Following the creation of the MLP structure in 1981, Congress restricted the use of MLPs in 1987. Now the restrictions only allow the MLP structure to be applied to real estate or natural resource investments. Expanding the list of qualifying projects to include more clean energy resources would introduce more flexible and patient capital to the development and deployment of the next generation of clean energy technology.

Specifics

The Financing Our Energy Future Act helps spur greater financing for clean technologies through a variety of actions:

- **Inclusion of Section 45 and 48 eligible technologies** - Expands the list of eligible technologies to include technologies eligible for the section 45 and 48 including carbon capture, utilization, and storage, energy storage, fuel cells, wind and solar energy amongst others.
- **Expanded captured carbon access** - Allows MLP access to the production, storage, or transportation of projects that utilize captured carbon to create fuels if such practices reduce lifecycle emissions
- **Nuclear financing** - Makes any 45J eligible nuclear technology financeable through MLP structures
- **Renewable fuels** - Grows financing options for renewable biomass fuels produced in the United States and not used for other production purposes

Original Sponsors

Sen. Christopher Coons (D-DE), Sen. Jerry Moran (R-KS), Sen. Angus King (I-ME), Sen. Thomas Carper (D-DE), Sen. Joni Ernst (R-IA), Sen. Susan Collins (R-ME), Sen. Mark Warner (D-VA), Sen. Mike Braun (R-IN), Sen. Debbie Stabenow (D-MI), Sen. Mike Crapo (R-ID), Sen. Michael Bennet (D-CO)

Support:

ClearPath Action, Clean Air Task Force, Third Way, BPC Action, Center for Climate and Energy Solutions (C2ES), National Association of State Energy Officials (NASEO), Ceres, Energy Infrastructure Council, American Sustainable Business Council, Growth Energy, Sunnova Energy Corporation, Midwest Cogeneration Association, International District Energy Association, Alternative Fuels and Chemicals Coalition, Carbon Capture Coalition, Heat is Power Association, Advanced Biofuels Business Council, Consumer Energy Alliance, Nuclear Innovation Alliance, and JSA Sustainable Wealth Management.

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