

RECONCILIATION BILL TIMELINE



CURRENT STATUS OF RECONCILIATION

On **July 1, 2025**, the Senate passed a new version of the domestic policy budget reconciliation bill, voted 51-50 along party lines with Republican Senators Tillis, Paul, and Collins voting “no” and Vice President Vance providing the tie-breaking vote.

After a surprise draft of the bill was released early Saturday morning that included a hard **2027 PIS date** and a new excise tax on wind and solar projects, industry advocates lobbied extensively over the weekend and prior to the bill’s passage.

The result is a compromise that sits somewhere between the original Senate Finance Committee draft of June 16 and the revised June 28 draft that was ultimately amended and voted by the entire Senate.

Here are the details

INVESTMENT TAX CREDIT (ITC) AND PRODUCTION TAX CREDIT (PTC) TIMING

WIND AND SOLAR projects qualifying under the 48E and 45Y technology-neutral investment and production tax credits are required to be placed in service by **December 31, 2027**, BUT projects that begin construction within **12 months** of the bill's enactment are exempted from this hard deadline for placement in service.

Practically, this means that any projects that begin construction within this new 12-month period should have the existing **4-year continuity period** from the date of their beginning of construction to achieve placement in service.

The bill codifies the existing beginning of construction regimes, which should reduce the fears from some in the industry who worried that a different determination of "begun construction" would be released.

Wind and solar projects that retained their eligibility under the prior Section 48 ITC and 45 PTC retain their prior rules for eligibility.

All other non wind and solar generating facilities eligible under Section 45Y and 48E retain their prior eligibility (including energy storage).

FOREIGN ENTITY OF CONCERN (FEOC)



The Senate bill retains the two forms of Foreign Entity of Concern restrictions:

1

Projects are not eligible if their construction **begin after December 31, 2025**, and include “***material assistance***” from a prohibited foreign entity

2

Taxpayers who are a “***specified foreign entity***” or a “***foreign-influenced entity***” are not eligible to claim PTCs or ITCs

FEOC - MATERIAL ASSISTANCE

PROHIBITED FOREIGN ENTITIES are entities connected to China, Russia, Iran, or North Korea, either directly, or through a complex definition of “*foreign controlled entity*,” which includes “*control*” by entities organized in or by citizens of such covered nations.

MATERIAL ASSISTANCE is determined by a ratio of all costs from materials and labor for equipment incorporated into the project that are “mined, produced, or manufactured” by a prohibited foreign entity, against the total costs for all material and labor incorporated into the project.



Note that “*material assistance*” appears to include the expansive “*foreign-influenced entities*” definition which includes partial ownership, control or debt from a specified foreign entity.

The IRS is directed to publish safe harbor tables by the end of 2026 that would track the tables created to determine Domestic Content adder eligibility.

Until those tables are published, developers can use the existing Domestic Content tables for wind, solar and energy storage projects to determine eligibility.

RESIDENTIAL CLEAN ENERGY CREDIT

The individual residential clean energy credit that allowed homeowners to claim a 30% credit would sunset for any costs incurred after December 31, 2025.

The same restriction included in prior drafts for wind and solar leasing arrangements applies, namely that if a rented or leased residential solar project would be eligible for the individual residential credit under Section 25D, it is no longer eligible for Section 48E ITCs.

This retains the restriction on solar leasing, but does not appear to prohibit claiming 48E ITCs on solar power purchase agreements (PPAs) used by much of the residential solar industry.



EXPANSION OF FUEL CELLS FOR INVESTMENT TAX CREDITS



For projects beginning construction after December 31, 2025, Section 48E ITCs will now include qualified fuel cell property, an update to the prior technology-neutral list.



The expansion does not require the zero-GHG emissions standard for fuel cells and sets the credit at 30%.
