

Provision	House	Senate	Notes	Tickers
Alternative Minimum Tax (AMT)	Repeals Corporate AMT	Current Law Could potentially limit tax credits for wind, solar and coal.	Hedgeye Macro Policy forecasts that the corporate AMT is repealed in conference report.	
Base Erosion Anti-Abuse Tax (BEAT) -intended to prevent “earnings stripping” whereby companies use tax credits and/or cross border payments to reduce US tax liability - big impact on wind and solar tax credit market from foreign investors	None	11% BEAT for banks and securities dealers; 10% BEAT for others. Essentially a 100% tax of foreign company purchases of tax credits. Energy developers exchange their ITC and PTC tax credits to investors for financing. Calculation is done at end of the tax year raising the risk of a retroactive tax liability. BEAT would discourage tax credit market financing by foreign investors.	The Senate bill excluded R&D tax credits from BEAT. Clean energy advocates are seeking a similar special exclusion from BEAT. Our gauge of whether the BEAT provision would get fixed for renewables was if Senator Chuck Grassley (R-Iowa), a leading clean energy supporter, was appointed to the conference committee. But he was not named a conferee and therefore we think it will be tough to fix this provision. Still, there is hope. Senators Murkowski and Thune are also supportive of renewable tax provisions and have suggested that they are still working on a BEAT fix or would try to include it in a separate extenders package. We believe the BEAT provisions will stay in the final bill.	Losers: FSLR, SPWR, DQ, CSIQ, RUN, VSLR, JKS, CAFD, PEGI
Reduced Rates for Pass-Through Entities Master Limited Partnerships (MLPs) <ul style="list-style-type: none"> Neither bill eliminates the tax-advantaged status under the code. Income earned by MLP will continue to be passed through to its owners without being subject to an entity-level US federal income tax. 	Lowers the maximum federal income tax rate for passive owners to 25%. Requires a complex formula to determine qualified business income by dividing it into passive and active activities and then determining an appropriate capital percentage.	Provides a deduction of 23% of qualified business income that results in a maximum federal income tax rate for passive owners of 29.6%. The bill simply applies a deduction on qualified business income which means income from a taxpayer's trade or business but excluding certain personal services businesses. Notes: 1) Senate bill provides	Hedgeye Macro Policy forecasts that the final conference report will contain a 20% deduction for pass through entities. But other details regarding the calculation are not yet available. While both bills lower the rates, they do so in very different ways. The Senate bill appears to be substantially less complex and would seem to be easier to administer. Using the Senate formula, the top effective rate would be 29.6% after the 20% deduction.	

		<p>special exclusion for publicly traded partnerships to a provision that limits the deduction to 50% of W-2 wages from qualified business income.</p> <p>2) Senate bill provision would sunset on December 31, 2025.</p>	<p>We also believe the Senate amendment language that preserves the tax advantage for publicly traded partnerships and energy MLPs will be included in the conference report.</p>	
<p>New Nuclear Reactors Tax Credit -Current law provides 1.8 cent per kilowatt-hour tax credit for up to 6 gigawatts of new nuclear reactors -Expires in 2020</p>	<p>Removes expiration of credit in 2020.</p>	<p>Keeps expiration date.</p>	<p>We believe nuclear energy is more of Republican core issue with big supporters on both the House and Senate conferees. We believe the House provision keeping the tax credit in place will survive.</p>	<p>Winner: SO</p>
<p>Wind Tax Credits</p>	<p>Removes the inflation adjustment in the Production Tax Credit (PTC) returning it to 1.5 cent per kilowatt-hour level (from current 2.4 cents).</p> <p>Eligibility for PTC requires demonstration of continuous construction.</p> <p>Fully repeals Investment Tax Credit (ITC) for commercial properties after 2027.</p> <p>Extends ITC for small wind; phased out after 2021.</p>	<p>No changes to PTC or ITC.</p> <p>But wind tax credits affected by BEAT and retaining AMT. (See above)</p>	<p>We believe Senate position of no changes to PTC and ITC remain honoring the 2015 deal to extend and phase out over 5-years (in exchange for lifting ban on US crude exports).</p>	

Solar Tax Credit -Currently 30% ITC but scheduled to phase down in 2020.	Eliminates currently permanent 10% ITC after 2027 Eligibility for ITC requires demonstration of continuous construction from current “commence construction” trigger.	No changes to ITC. But ITC affected by BEAT and retaining AMT. (See above)	We believe Senate position of no changes to ITC remains honoring the 2015 deal to extend and phase down (in exchange for lifting ban on US crude exports).	Winners: FSLR, SPWR, DQ, CSIQ, RUN, VSLR, JKS, CAFD, PEGI
Electric Vehicles (EV) Tax Credit	Repeals current \$7,500 tax credit	No changes to tax credit	<p>When we originally began drafting this chart, we believed the House position to repeal EV tax credit would prevail.</p> <p>However, there was a strong push made late Wednesday by Senator Dean Heller (R-Nevada) to preserve the EV tax credit. Heller faces a tough reelection race in 2018. Nevada is home to the big Tesla Gigafactory. In light of the Alabama Senate election result Tuesday, we would not be surprised to see Heller succeed in his efforts.</p>	Winners: TSLR, GM, TM
Drilling in Arctic National Wildlife Refuge (ANWR)	Allows drilling in 1.5 million-acre area of Alaska’s nearly 20-million acre ANWR.	Allows drilling in 1.5 million-acre area of Alaska’s nearly 20-million acre ANWR.	With two Alaskans on the House-Senate Conference Committee (Congressman Don Young and Senator Lisa Murkowski), we believe ANWR drilling provision survives in the final bill.	