Latest Draft of One Big Beautiful Bill Signals Broad-Based Impacts to Alternative and Clean Energy Initiatives

What You Need to Know

- As currently drafted, the Trump administration's One Big Beautiful Bill would have a significant and far-reaching impact upon new energy production projects and investment in new solar, wind, or other forms of alternative energy production projects.
- Of particular relevance to the future development of solar and wind facilities are proposed changes to existing production and investment tax credits for projects undertaken between year-end 2025 through 2028.
- A broad range of clean energy initiatives, including those related to electric vehicles, would also be impacted under the legislation, which will undoubtedly undergo additional modifications under Senate consideration.
- The Bill's terms remain fluid, requiring our input on any project currently in its infant stages in order to strategically plan ahead.

On June 16, 2025, the United States Senate Committee on Finance released a reconciliation bill draft of the One Big Beautiful Bill Act, H.R. 1 - 119th Congress (2025-2026), following its passage in the House of Representatives. The unofficial political deadline for getting the final bill to the President's desk for signature is July 4, which requires the Senate to pass the full bill, and send it back to the House for their concurrence. As such, additional discussion, changes, and modifications may well happen, and this is not yet a done deal.

Nonetheless, as currently drafted, the new text of the legislation has a significant and far-reaching impact upon energy production and investment for solar, wind, or other forms of alternative energy production.

The largest, and most significant impacts to many investors are the changes to the investment tax credit (ITC) under Section 48E and the production tax credit (PTC) under Section 45Y, specifically applicable to solar and wind facilities.

Under the Senate draft:

Geothermal, nuclear, hydroelectric, and energy storage would continue under the currently existing ITC timeline, receiving 100% of the credit up through projects starting construction in or prior to 2033, 75% for projects starting construction in 2034, 50% for projects starting construction in 2035, and zeroing out for projects starting construction in 2036 and beyond.

Meanwhile, electric vehicle (EV) tax rebates, residential clean energy credits, and energy efficiency credits for residential and commercial buildings would end under the new bill's provisions.

Specific elements of the bill relevant to alternative and clean energy production and investment include:

The firm's **Energy & Renewable Resources** practice team will be closely monitoring the status of this bill as it continues to move through the legislative process and will keep you advised. Please contact the author of this Alert with questions concerning this pending legislation or to discuss your specific business circumstances and related strategic planning.

Related Attorneys

Kenneth J. Sheehan

Partner

732.476.2678

Email