


(Original Signature of Member)

117TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to provide a manufacturing investment tax credit and a production tax credit for manufacturing facilities that produce offshore wind turbine components.

IN THE HOUSE OF REPRESENTATIVES

Mr. PASCRELL introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide a manufacturing investment tax credit and a production tax credit for manufacturing facilities that produce offshore wind turbine components.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Offshore Wind Amer-
5 ican Manufacturing Act of 2022”.

1 **SEC. 2. OFFSHORE WIND MANUFACTURING CREDIT.**

2 (a) IN GENERAL.—Subpart C of part IV of sub-
3 chapter A of chapter 1 of the Internal Revenue Code of
4 1986 is amended by inserting after section 36B the fol-
5 lowing new section:

6 **“SEC. 36C. OFFSHORE WIND MANUFACTURING CREDIT.**

7 “(a) ALLOWANCE OF CREDIT.—There shall be al-
8 lowed as a credit against the tax imposed by this subtitle
9 for any taxable year an amount equal to the sum of—

10 “(1) the offshore wind manufacturing invest-
11 ment credit, and

12 “(2) the offshore wind manufacturing produc-
13 tion credit.

14 “(b) CREDIT AMOUNTS.—For purposes of this sec-
15 tion—

16 “(1) MANUFACTURING INVESTMENT CREDIT.—

17 “(A) IN GENERAL.—The offshore wind
18 manufacturing investment credit for any tax-
19 able year is an amount equal to 30 percent of
20 the qualified investment for such taxable year.

21 “(B) QUALIFIED INVESTMENT.—

22 “(i) IN GENERAL.—The qualified in-
23 vestment for any taxable year is the basis
24 of any advanced offshore wind manufac-
25 turing property placed in service in the

1 United States by the taxpayer during such
2 taxable year.

3 “(ii) LIMITATION.—In the case of
4 property which is leased by the taxpayer as
5 described in subparagraph (C)(iii)(II), the
6 qualified investment shall not exceed the
7 payments made by the taxpayer under the
8 lease, except to the extent the taxpayer in-
9 curs expenses with respect to such prop-
10 erty which are not covered by the lease.

11 “(C) ADVANCED OFFSHORE WIND MANU-
12 FACTURING PROPERTY.—The term ‘advanced
13 offshore wind manufacturing property’ means
14 property—

15 “(i) which is used predominantly to
16 manufacture, meaningfully assemble, or
17 process any qualified offshore wind compo-
18 nent,

19 “(ii) with respect to which deprecia-
20 tion (or amortization in lieu of deprecia-
21 tion) is allowable, and

22 “(iii) which—

23 “(I) is constructed, recon-
24 structed, or erected by the taxpayer,
25 or

1 “(II) which is leased or acquired
2 by the taxpayer, if the original use of
3 such property commences with the
4 taxpayer.

5 “(2) MANUFACTURING PRODUCTION CREDIT.—

6 “(A) IN GENERAL.—The offshore wind
7 manufacturing production credit is an amount
8 equal to the applicable rate with respect to any
9 qualified offshore wind component, related ves-
10 sel, qualified cable, or qualified steel which—

11 “(i) is produced by the taxpayer at a
12 qualified manufacturing facility, and

13 “(ii) during the taxable year—

14 “(I) is sold by the taxpayer to—

15 “(aa) an unrelated person,
16 or

17 “(bb) a related person for
18 the use of such person in their
19 trade or business (with the excep-
20 tion of any trade or business re-
21 lated to resale of such offshore
22 wind component without any sub-
23 sequent modification, assembly,
24 or integration into a project), or

1 “(II) if not sold, is placed in
2 service or operation by the taxpayer
3 or any other person.

4 “(B) APPLICABLE RATE.—The applicable
5 rate is—

6 “(i) with respect to any qualified off-
7 shore wind component other than a sub-
8 station, the total rated capacity (expressed
9 on a per watt basis) of the completed off-
10 shore wind turbine for which the compo-
11 nent is designed, multiplied by—

12 “(I) in the case of any blade or
13 drive train, 2 cents,

14 “(II) in the case of any tower, 3
15 cents,

16 “(III) in the case of any founda-
17 tion, 4 cents, and

18 “(IV) in the case of any nacelle,
19 5 cents,

20 “(ii) with respect to any substation, 2
21 cents per watt of total rated capacity,

22 “(iii) with respect to any related ves-
23 sel, an amount equal to 10 percent of the
24 sale price of such vessel,

1 “(iv) with respect to any qualified
2 cable, an amount equal to the product of—

3 “(I) 30 cents multiplied by the
4 total rated capacity (expressed on a
5 per kilowatt basis) of such cable, mul-
6 tiplied by

7 “(II) the number of kilometers of
8 such cable placed in service, and

9 “(v) with respect to any qualified
10 steel, an amount equal to 10 percent of the
11 sale price of such steel.

12 “(C) QUALIFIED MANUFACTURING FACIL-
13 ITY.—The term ‘qualified manufacturing facil-
14 ity’ means any new or existing facility—

15 “(i) which is located in the United
16 States, and

17 “(ii) which manufactures or meaning-
18 fully assembles qualified offshore wind
19 components, related vessels, qualified ca-
20 bles, or qualified steel.

21 “(D) PRODUCTION AND SALE MUST BE IN
22 TRADE OR BUSINESS.—Any qualified offshore
23 wind component, related vessel, qualified cable,
24 or qualified steel, produced and sold by the tax-
25 payer shall be taken into account under sub-

1 paragraph (A)(ii)(I) only if the production and
2 sale described in subparagraph (A) is in a trade
3 or business of the taxpayer.

4 “(c) DEFINITIONS.—For purposes of this section—

5 “(1) QUALIFIED OFFSHORE WIND COMPO-
6 NENT.—

7 “(A) IN GENERAL.—The term ‘qualified
8 offshore wind component’ means any blade,
9 tower, nacelle, drive train, foundation, or sub-
10 station.

11 “(B) DEFINITIONS.—

12 “(i) BLADE.—The term ‘blade’ means
13 an airfoil-shaped blade which is responsible
14 for converting offshore wind energy to low
15 speed rotational energy.

16 “(ii) TOWER.—The term ‘tower’
17 means a tubular steel, concrete, or steel
18 lattice which supports the structure of an
19 offshore wind turbine, and the transition
20 piece which connects the tower to the foun-
21 dation.

22 “(iii) NACELLE.—The term ‘nacelle’
23 means the assembly of the drive train and
24 other tower-top components of an offshore

1 wind turbine (other than the blade) within
2 their cover housing.

3 “(iv) DRIVE TRAIN.—The term ‘drive
4 train’ means the component which is
5 housed in the nacelle and converts the low-
6 speed, high-torque rotation of the rotor to
7 electrical energy.

8 “(v) FOUNDATION.—The term ‘foun-
9 dation’ means the component which se-
10 cures an offshore wind tower and above-
11 water turbine components to the sea floor,
12 including—

13 “(I) fixed-bottom foundations
14 such as monopiles, jackets, or gravity-
15 based foundations, or

16 “(II) floating platforms and asso-
17 ciated mooring systems.

18 “(vi) SUBSTATION.—The term ‘sub-
19 station’ means a structure which is dedi-
20 cated to the transmission of energy gen-
21 erated by offshore wind.

22 “(2) RELATED VESSEL.—The term ‘related ves-
23 sel’ means any vessel which is purpose-built or retro-
24 fitted for purposes of the development, transport, in-

1 stallation, operation, or maintenance of offshore
2 wind components and offshore wind turbines.

3 “(3) QUALIFIED CABLE.—The term ‘qualified
4 cable’ means—

5 “(A) any export cable with a total rated
6 capacity of not less than 132 kilovolts, and

7 “(B) any interarray cable with a total
8 rated capacity of not less than 66 kilovolts.

9 “(4) QUALIFIED STEEL.—The term ‘qualified
10 steel’ means steel which is used in the tower or foun-
11 dation with respect to an offshore wind turbine.

12 “(d) SPECIAL RULES.—For purposes of this sec-
13 tion—

14 “(1) SECRETARY.—Any reference to the Sec-
15 retary means the Secretary in consultation with the
16 Secretary of Energy, except that the Secretary shall
17 have the authority to implement regulations and
18 other guidance under this section.

19 “(2) CERTAIN RULES MADE APPLICABLE FOR
20 INVESTMENT CREDIT.—For purposes of the offshore
21 wind manufacturing investment credit determined
22 under subsection (b)(1), rules similar to the rules of
23 subsections (a) and (c) of section 50 shall apply.

24 “(3) COORDINATION WITH GENERAL INVEST-
25 MENT CREDIT.—No credit shall be allowed under

1 section 48C with respect to any facility taken into
2 account for purposes of the credit under subsection
3 (b)(2), or any facility with respect to which any
4 qualified investment is taken into account for pur-
5 poses of the credit under subsection (b)(1). The
6 credit under this section shall be allowed without re-
7 gard to whether any qualified investment (as defined
8 in section 48C(b)) with respect to a facility has been
9 taken into account for purposes of section 48C in
10 any preceding taxable year.

11 “(4) LABOR CONDITIONS WITH RESPECT TO
12 OFFSHORE WIND MANUFACTURING INVESTMENT
13 CREDIT.—

14 “(A) IN GENERAL.—In the case of any ad-
15 vanced offshore wind manufacturing property
16 which does not satisfy the requirements of sub-
17 paragraphs (B) and (C), as determined by the
18 Secretary, the amount of the credit determined
19 under subsection (b)(1) shall be 6 percent of
20 such amount (as determined without regard to
21 this subparagraph).

22 “(B) PREVAILING WAGE REQUIRE-
23 MENTS.—

24 “(i) IN GENERAL.—The taxpayer shall
25 ensure that any laborers and mechanics

1 employed by contractors or subcontractors
2 in—

3 “(I) the construction, reconstruc-
4 tion, or erection of any advanced off-
5 shore wind manufacturing property,
6 and

7 “(II) for the 10-year period be-
8 ginning on the date such property is
9 originally placed in service, any alter-
10 ation or repair of such property,
11 shall be paid wages at rates not less than
12 those prevailing on work of a character
13 similar in the locality as determined by the
14 Secretary of Labor in accordance with sub-
15 chapter IV of chapter 31 of title 40,
16 United States Code.

17 “(ii) CORRECTION AND PENALTY RE-
18 LATED TO FAILURE TO SATISFY WAGE RE-
19 QUIREMENTS.— In the case of any tax-
20 payer which fails to satisfy the require-
21 ments of clause (i), such taxpayer shall be
22 deemed to have satisfied such requirement
23 for any year if, with respect to any laborer
24 or mechanic who was paid wages at a rate
25 below the rate described in such clause for

1 any period during such year, such tax-
2 payer—

3 “(I) makes payment to such la-
4 borer or mechanic in an amount equal
5 to the sum of—

6 “(aa) an amount equal to
7 the difference between the
8 amount of wages paid to such la-
9 borer or mechanic during such
10 period and the amount of wages
11 required to be paid to such la-
12 borer or mechanic pursuant to
13 such clause during such period,
14 multiplied by 3, and

15 “(bb) interest on the
16 amount determined under item
17 (aa) at the underpayment rate
18 established under section 6621
19 for the period described in such
20 item, and

21 “(II) makes payment to the Sec-
22 retary of a penalty in an amount
23 equal to the product of—

24 “(aa) \$5,000, multiplied by

1 “(bb) the total number of la-
2 borers and mechanics who were
3 paid wages at a rate below the
4 rate described in clause (i) for
5 any period during such year.

6 “(C) APPRENTICESHIP REQUIREMENTS.—

7 “(i) APPRENTICE LABOR HOURS.—

8 “(I) PERCENTAGE OF TOTAL
9 LABOR HOURS.—Each contractor and
10 subcontractor engaged in the perform-
11 ance of construction, reconstruction,
12 or erection of any advanced offshore
13 wind manufacturing property, shall,
14 subject to subclause (III), ensure that
15 not less than the applicable percent-
16 age of the total labor hours of such
17 work be performed by qualified ap-
18 prentices.

19 “(II) APPLICABLE PERCENT-
20 AGE.—For purposes of subclause (I),
21 the applicable percentage shall be de-
22 termined separately with respect to
23 each contractor and subcontractor in
24 accordance with the following table:

“In the case of any advanced offshore wind manufacturing property the construction, reconstruction, or erection of which, begins:	The applicable percentage is:
Before January 1, 2023	10%
After December 31, 2022, and before January 1, 2024	12%
After December 31, 2023	15%.

1 “(III) APPRENTICE TO
2 JOURNEYWORKER RATIO.—The re-
3 quirements of subclause (I) shall be
4 subject to any applicable requirements
5 for apprentice-to-journeyworker ratios
6 of the Department of Labor or the ap-
7 plicable State apprenticeship agency
8 recognized by the Office of Appren-
9 ticeship, pursuant to the Act of Au-
10 gust 16, 1937 (commonly known as
11 the National Apprenticeship Act) (50
12 Stat. 664, chapter 663; 29 U.S.C. 50
13 et seq.) .

14 “(ii) APPRENTICE DIVERSITY.—Each
15 contractor and subcontractor engaged in
16 the performance of construction, recon-
17 struction, or erection of any advanced off-
18 shore wind manufacturing property shall
19 have a plan to hire, retain, and increase
20 participation of apprentices from underrep-

1 resented groups to the greatest extent pos-
2 sible.

3 “(iii) EXCEPTION.—Clause (i) shall
4 not apply in the case of a taxpayer who
5 demonstrates—

6 “(I) a lack of availability of
7 qualified apprentices in the geographic
8 area of the construction, alteration, or
9 repair work, and

10 “(II) a good faith effort to com-
11 ply with the requirements of such
12 clause.

13 “(iv) PENALTIES.—In the case of any
14 failure to satisfy the requirements of
15 clause (i) (except as provided in clause
16 (iii)) with respect to any construction, re-
17 construction, or erection of any advanced
18 offshore wind manufacturing property, the
19 taxpayer shall make payment to the Sec-
20 retary of an amount equal to—

21 “(I) \$500, multiplied by

22 “(II) the total labor hours for
23 which such requirements were not sat-
24 isfied by any contractor of subcon-
25 tractor.

1 “(v) DEFINITIONS.—For purposes of
2 this subparagraph—

3 “(I) GOOD FAITH EFFORT.—The
4 term ‘good faith effort’ means that
5 the taxpayer has requested qualified
6 apprentices from a registered appren-
7 ticeship program, as defined in section
8 3131(e)(3)(B), and such request has
9 been denied. The preceding sentence
10 shall not apply if such denial is the
11 result of a refusal by the contractors
12 or subcontractors engaged in the per-
13 formance of construction, reconstruc-
14 tion, or erection of any advanced off-
15 shore wind manufacturing property to
16 comply with the established standards
17 and requirements of such apprentice-
18 ship program.

19 “(II) LABOR HOURS.—The term
20 ‘labor hours’ means the total number
21 of hours devoted to the performance
22 of construction, reconstruction, or
23 erection work by employees of the
24 contractor or subcontractor. Such

1 term does not include any hours
2 worked by—

3 “(aa) foremen,

4 “(bb) superintendents,

5 “(cc) owners, or

6 “(dd) persons employed in a

7 bona fide executive, administra-

8 tive, or professional capacity

9 (within the meaning of such

10 terms as used in part 541 of title

11 29, Code of Federal Regula-

12 tions).

13 “(III) QUALIFIED APPREN-

14 TICE.—The term ‘qualified apprentice’

15 means an employee participating in an

16 apprenticeship program registered

17 with the Office of Apprenticeship of

18 the Employment Training Administra-

19 tion of the Department of Labor or a

20 State apprenticeship agency recog-

21 nized by the Office of Apprenticeship

22 pursuant to the Act of August 16,

23 1937 (commonly known as the Na-

24 tional Apprenticeship Act) (50 Stat.

1 664, chapter 663; 29 U.S.C. 50 et
2 seq.).

3 “(5) LABOR STANDARD WITH RESPECT TO OFF-
4 SHORE WIND MANUFACTURING PRODUCTION CRED-
5 IT.—

6 “(A) IN GENERAL.—In the case of any
7 qualified manufacturing facility which satisfies
8 the requirements of subparagraph (B), as deter-
9 mined by the Secretary, the amount of the cred-
10 it determined under subsection (b)(2) shall be
11 increased by 10 percent of the amount of such
12 credit determined without regard to this sub-
13 paragraph.

14 “(B) LABOR REQUIREMENTS.—A qualified
15 manufacturing facility satisfies the require-
16 ments of this subparagraph if all employees
17 providing production or maintenance services at
18 such facility are represented for the purposes of
19 collective bargaining under section 9 of the Na-
20 tional Labor Relations Act (29 U.S.C. 159).

21 “(e) REGISTRATION.—

22 “(1) IN GENERAL.—No credit shall be allowed
23 under this section unless the taxpayer registers with
24 the Secretary, at such time, in such form and man-
25 ner, and subject to such terms and conditions, as the

1 Secretary may by regulations prescribe. Such regula-
2 tions shall include a provision that each taxpayer
3 must submit a declaration made under the penalties
4 of perjury certifying compliance with the require-
5 ments under paragraphs (4) and (5) of subsection
6 (d).

7 “(2) REGISTRATION IN EVENT OF CHANGE IN
8 OWNERSHIP.—Under regulations prescribed by the
9 Secretary, the taxpayer (other than a corporation
10 the stock of which is regularly traded on an estab-
11 lished securities market) shall be required to re-reg-
12 ister under this subsection if after a transaction (or
13 series of related transactions) more than 50 percent
14 of ownership interests in, or assets of, the taxpayer
15 are held by persons other than persons (or persons
16 related thereto) who held more than 50 percent of
17 such interests or assets before the transaction (or
18 series of related transactions).

19 “(3) DENIAL, REVOCATION, OR SUSPENSION OF
20 REGISTRATION.—Rules similar to the rules of sec-
21 tion 4222(c) shall apply to registration under this
22 section.

23 “(4) INFORMATION REPORTING.—The Sec-
24 retary may require—

1 “(A) information reporting by any person
2 registered under this subsection, and

3 “(B) information reporting by such other
4 persons as the Secretary deems necessary to
5 carry out this section.

6 “(f) TERMINATION.—

7 “(1) OFFSHORE WIND MANUFACTURING IN-
8 VESTMENT TAX CREDIT.—

9 “(A) IN GENERAL.—Except as provided in
10 subparagraph (B), in the case of any qualified
11 investment with respect to advanced offshore
12 wind manufacturing property which is placed in
13 service after December 31, 2028, the amount of
14 the credit determined under subsection (b)(1)
15 (without regard to this subsection) shall be re-
16 duced by—

17 “(i) in the case of property placed in
18 service in calendar year 2029, 30 percent,

19 “(ii) in the case of property placed in
20 service in calendar year 2030, 65 percent,
21 and

22 “(iii) in the case of property placed in
23 service after December 31, 2030, 100 per-
24 cent.

1 “(B) CERTAIN PROGRESS EXPENDITURE
2 RULES MADE APPLICABLE.—Rules similar to
3 the rules of subsections (c)(4) and (d) of sec-
4 tion 46 (as in effect on the day before the date
5 of the enactment of the Revenue Reconciliation
6 Act of 1990) shall apply for purposes of sub-
7 paragraph (A).

8 “(2) OFFSHORE WIND MANUFACTURING PRO-
9 DUCTION TAX CREDIT.—No credit shall be allowed
10 under subsection (b)(2) in the case of any qualified
11 offshore wind component, related vessel, qualified
12 cable, or qualified steel, first sold or placed in serv-
13 ice after December 31, 2030.”.

14 (b) CLERICAL AMENDMENT.—The table of sections
15 for subpart C of part IV of subchapter A of chapter 1
16 of the Internal Revenue Code of 1986 is amended by in-
17 serting after the item relating to section 36B the following
18 new item:

 “Sec. 36C. Offshore wind manufacturing credit.”.

19 (c) CONFORMING AMENDMENT.—Paragraph (2) of
20 section 1324(b) of title 31, United States Code, is amend-
21 ed by inserting “, 36C” after “36B”.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to—

24 (1) any qualified investment (as defined in sec-
25 tion 36C(b)(1)(B) of the Internal Revenue Code of

1 1986, as added by this section) with respect to prop-
2 erty placed in service beginning after August 1,
3 2021, and
4 (2) qualified offshore wind components, related
5 vessels, qualified cables, or qualified steel (within the
6 meaning of section 36C of such Code, as so added)
7 first sold or placed in service after August 1, 2021.