Republicans from the House and Senate voted yesterday to approve their conference tax bill. Due to intense lobbying efforts, negotiators in the committee reduced some of the harm I described that the previous versions of the bill would have done to renewable energy, electric vehicles, and affordable housing. As Brad Plumer in the *New York Times* writes, support for renewables is now bipartisan, as Republican states like Iowa produce a lot of wind power, while states like Ohio and Nevada with Republican senators manufacture a lot of clean technology equipment. This Republican support for clean technology clearly helped during the negotiation phase.

Most of the changes in the bill involve corporate tax credits, which are used to finance renewables and affordable housing. To put the value of these credits in perspective, tax equity finance typically accounts for about 50% to 60% of the capital stack for a wind project and 40% to 50% for a solar facility.

The final tax bill makes two important changes that affect these credits. First, it removes the corporate "alternative minimum tax," which would have made tax credits essentially value-less, with corporations unable to reduce their taxes below the specified minimum and therefore not in need of buying credits. Second, it minimizes the damage from a new provision called the Base Erosion Anti-Abuse Tax (BEAT), which seeks to prevent multinational companies from claiming a portion of production or investment credits. The conference bill allows the credits to offset up to 80 percent of the BEAT tax, which helps preserve the market for the credits among multinational companies (Utility Dive offers a good overview of the details of these provisions).

Wind power is still hurt by the bill, given that the new provisions do not cover the full duration of production tax credits that help finance these projects. And by reducing corporate tax rates overall, the bill decreases corporate "tax appetite" that helps drive demand for the tax credits. The bill also imposes a minimum tax on foreign transactions for big banks and other large investors, which could further erode the value of tax credits. But overall, it certainly could have been worse for renewables.

Meanwhile, the conference bill continues the tax credit for electric vehicle purchases, which is set to phase out for each automaker anyway based on total sales (but the bill reduces tax incentives for transit and biking). This credit has been very important to boosting demand for EVs, as UC Davis transportation researchers have documented.

Finally, on affordable housing and other infill projects, the draft legislation would preserve most of the tax credits used to finance these projects. It retains the low-income housing tax credits (LIHTC), continues tax-exempt private activity bonds, including multifamily bonds, which are used to finance all sorts of infill infrastructure, and saves the 20% historic tax credits. It also retains new markets tax credits and of course reduces the corporate tax rate to 21%, which presumably benefits many infill developers. You can read more on the provisions affecting housing and land use from Smart Growth America.

Presuming no new issues arise, the final bill could be signed into law before Christmas. While the bill negatively impacts the debt, income inequality, and the ability of government to provide basic services, at least for clean technology and housing, it went from devastating to just bad.