

117TH CONGRESS  
2D SESSION

# H. R. 7388

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.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 2022

Mr. PASCRELL (for himself, Mr. NORCROSS, Mr. SCOTT of Virginia, Mrs. LURIA, and Mr. MCEACHIN) introduced the following bill; which was referred to the Committee on Ways and Means

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## 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”.

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

7 (a) IN GENERAL.—Subpart C of part IV of sub-  
8 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 36B the fol-  
2 lowing new section:

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

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

7 “(1) the offshore wind manufacturing invest-  
8 ment credit, and

9 “(2) the offshore wind manufacturing produc-  
10 tion credit.

11 “(b) CREDIT AMOUNTS.—For purposes of this sec-  
12 tion—

13 “(1) MANUFACTURING INVESTMENT CREDIT.—

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

18 “(B) QUALIFIED INVESTMENT.—

19 “(i) IN GENERAL.—The qualified in-  
20 vestment for any taxable year is the basis  
21 of any advanced offshore wind manufac-  
22 turing property placed in service in the  
23 United States by the taxpayer during such  
24 taxable year.

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

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

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

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

20               “(iii) which—

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

24                       “(II) which is leased or acquired  
25                       by the taxpayer, if the original use of

1                   such property commences with the  
2                   taxpayer.

3                   “(2) MANUFACTURING PRODUCTION CREDIT.—

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

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

11                  “(ii) during the taxable year—

12                  “(I) is sold by the taxpayer to—

13                          “(aa) an unrelated person,

14                          or

15                          “(bb) a related person for

16                          the use of such person in their

17                          trade or business (with the excep-

18                          tion of any trade or business re-

19                          lated to resale of such offshore

20                          wind component without any sub-

21                          sequent modification, assembly,

22                          or integration into a project), or

23                          “(II) if not sold, is placed in

24                          service or operation by the taxpayer

25                          or any other person.

1           “(B) APPLICABLE RATE.—The applicable  
2 rate is—

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

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

11           “(II) in the case of any tower, 3  
12 cents,

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

15           “(IV) in the case of any nacelle,  
16 5 cents,

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

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

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

24           “(I) 30 cents multiplied by the  
25 total rated capacity (expressed on a

1 per kilowatt basis) of such cable, mul-  
2 tiplied by

3 “(II) the number of kilometers of  
4 such cable placed in service, and

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

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

11 “(i) which is located in the United  
12 States, and

13 “(ii) which manufactures or meaning-  
14 fully assembles qualified offshore wind  
15 components, related vessels, qualified ca-  
16 bles, or qualified steel.

17 “(D) PRODUCTION AND SALE MUST BE IN  
18 TRADE OR BUSINESS.—Any qualified offshore  
19 wind component, related vessel, qualified cable,  
20 or qualified steel, produced and sold by the tax-  
21 payer shall be taken into account under sub-  
22 paragraph (A)(ii)(I) only if the production and  
23 sale described in subparagraph (A) is in a trade  
24 or business of the taxpayer.

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

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

3           “(A) IN GENERAL.—The term ‘qualified  
4           offshore wind component’ means any blade,  
5           tower, nacelle, drive train, foundation, or sub-  
6           station.

7           “(B) DEFINITIONS.—

8           “(i) BLADE.—The term ‘blade’ means  
9           an airfoil-shaped blade which is responsible  
10          for converting offshore wind energy to low  
11          speed rotational energy.

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

18          “(iii) NACELLE.—The term ‘nacelle’  
19          means the assembly of the drive train and  
20          other tower-top components of an offshore  
21          wind turbine (other than the blade) within  
22          their cover housing.

23          “(iv) DRIVE TRAIN.—The term ‘drive  
24          train’ means the component which is  
25          housed in the nacelle and converts the low-

1 speed, high-torque rotation of the rotor to  
2 electrical energy.

3 “(v) FOUNDATION.—The term ‘foun-  
4 dation’ means the component which se-  
5 cures an offshore wind tower and above-  
6 water turbine components to the sea floor,  
7 including—

8 “(I) fixed-bottom foundations  
9 such as monopiles, jackets, or gravity-  
10 based foundations, or

11 “(II) floating platforms and asso-  
12 ciated mooring systems.

13 “(vi) SUBSTATION.—The term ‘sub-  
14 station’ means a structure which is dedi-  
15 cated to the transmission of energy gen-  
16 erated by offshore wind.

17 “(2) RELATED VESSEL.—The term ‘related ves-  
18 sel’ means any vessel which is purpose-built or retro-  
19 fitted for purposes of the development, transport, in-  
20 stallation, operation, or maintenance of offshore  
21 wind components and offshore wind turbines.

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

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



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

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

6           “(d) SPECIAL RULES.—For purposes of this sec-  
7           tion—

8           “(1) SECRETARY.—Any reference to the Sec-  
9           retary means the Secretary in consultation with the  
10          Secretary of Energy, except that the Secretary shall  
11          have the authority to implement regulations and  
12          other guidance under this section.

13          “(2) CERTAIN RULES MADE APPLICABLE FOR  
14          INVESTMENT CREDIT.—For purposes of the offshore  
15          wind manufacturing investment credit determined  
16          under subsection (b)(1), rules similar to the rules of  
17          subsections (a) and (c) of section 50 shall apply.

18          “(3) COORDINATION WITH GENERAL INVEST-  
19          MENT CREDIT.—No credit shall be allowed under  
20          section 48C with respect to any facility taken into  
21          account for purposes of the credit under subsection  
22          (b)(2), or any facility with respect to which any  
23          qualified investment is taken into account for pur-  
24          poses of the credit under subsection (b)(1). The  
25          credit under this section shall be allowed without re-

1       gard to whether any qualified investment (as defined  
2       in section 48C(b)) with respect to a facility has been  
3       taken into account for purposes of section 48C in  
4       any preceding taxable year.

5               “(4) LABOR CONDITIONS WITH RESPECT TO  
6       OFFSHORE WIND MANUFACTURING INVESTMENT  
7       CREDIT.—

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

16               “(B) PREVAILING WAGE REQUIRE-  
17       MENTS.—

18               “(i) IN GENERAL.—The taxpayer shall  
19       ensure that any laborers and mechanics  
20       employed by contractors or subcontractors  
21       in—

22               “(I) the construction, reconstruc-  
23       tion, or erection of any advanced off-  
24       shore wind manufacturing property,  
25       and

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

11           “(ii) CORRECTION AND PENALTY RE-  
12          LATED TO FAILURE TO SATISFY WAGE RE-  
13          QUIREMENTS.—In the case of any taxpayer  
14          which fails to satisfy the requirements of  
15          clause (i), such taxpayer shall be deemed  
16          to have satisfied such requirement for any  
17          year if, with respect to any laborer or me-  
18          chanic who was paid wages at a rate below  
19          the rate described in such clause for any  
20          period during such year, such taxpayer—

21           “(I) makes payment to such la-  
22          borer or mechanic in an amount equal  
23          to the sum of—

24           “(aa) an amount equal to  
25          the difference between the

1 amount of wages paid to such la-  
2 borer or mechanic during such  
3 period and the amount of wages  
4 required to be paid to such la-  
5 borer or mechanic pursuant to  
6 such clause during such period,  
7 multiplied by 3, and

8 “(bb) interest on the  
9 amount determined under item  
10 (aa) at the underpayment rate  
11 established under section 6621  
12 for the period described in such  
13 item, and

14 “(II) makes payment to the Sec-  
15 retary of a penalty in an amount  
16 equal to the product of—

17 “(aa) \$5,000, multiplied by

18 “(bb) the total number of la-  
19 borers and mechanics who were  
20 paid wages at a rate below the  
21 rate described in clause (i) for  
22 any period during such year.

23 “(C) APPRENTICESHIP REQUIREMENTS.—

24 “(i) APPRENTICE LABOR HOURS.—

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

12                   “(II) APPLICABLE PERCENT-  
 13 AGE.—For purposes of subclause (I),  
 14 the applicable percentage shall be de-  
 15 termined separately with respect to  
 16 each contractor and subcontractor in  
 17 accordance with the following table:

“In the case of any advanced offshore wind manufacturing prop- erty the construction, reconstruction, or erection of which, begins:	The applica- ble percent- age is:
Before January 1, 2023 .....	10%
After December 31, 2022, and before January 1, 2024 .....	12%
After December 31, 2023 .....	15%.

18                   “(III) APPRENTICE TO  
 19 JOURNEYWORKER RATIO.—The re-  
 20 quirements of subclause (I) shall be  
 21 subject to any applicable requirements

1 for apprentice-to-journeyworker ratios  
2 of the Department of Labor or the ap-  
3 plicable State apprenticeship agency  
4 recognized by the Office of Appren-  
5 ticeship, pursuant to the Act of Au-  
6 gust 16, 1937 (commonly known as  
7 the National Apprenticeship Act) (50  
8 Stat. 664, chapter 663; 29 U.S.C. 50  
9 et seq.).

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

19 “(iii) EXCEPTION.—Clause (i) shall  
20 not apply in the case of a taxpayer who  
21 demonstrates—

22 “(I) a lack of availability of  
23 qualified apprentices in the geographic  
24 area of the construction, alteration, or  
25 repair work, and

1                   “(II) a good faith effort to com-  
2                   ply with the requirements of such  
3                   clause.

4                   “(iv) PENALTIES.—In the case of any  
5                   failure to satisfy the requirements of  
6                   clause (i) (except as provided in clause  
7                   (iii)) with respect to any construction, re-  
8                   construction, or erection of any advanced  
9                   offshore wind manufacturing property, the  
10                  taxpayer shall make payment to the Sec-  
11                  retary of an amount equal to—

12                                 “(I) \$500, multiplied by

13                                 “(II) the total labor hours for  
14                                 which such requirements were not sat-  
15                                 isfied by any contractor of subcon-  
16                                 tractor.

17                   “(v) DEFINITIONS.—For purposes of  
18                  this subparagraph—

19                                 “(I) GOOD FAITH EFFORT.—The  
20                                 term ‘good faith effort’ means that  
21                                 the taxpayer has requested qualified  
22                                 apprentices from a registered appren-  
23                                 ticeship program, as defined in section  
24                                 3131(e)(3)(B), and such request has  
25                                 been denied. The preceding sentence

1 shall not apply if such denial is the  
2 result of a refusal by the contractors  
3 or subcontractors engaged in the per-  
4 formance of construction, reconstruc-  
5 tion, or erection of any advanced off-  
6 shore wind manufacturing property to  
7 comply with the established standards  
8 and requirements of such apprentice-  
9 ship program.

10 “(II) LABOR HOURS.—The term  
11 ‘labor hours’ means the total number  
12 of hours devoted to the performance  
13 of construction, reconstruction, or  
14 erection work by employees of the  
15 contractor or subcontractor. Such  
16 term does not include any hours  
17 worked by—

18 “(aa) foremen,

19 “(bb) superintendents,

20 “(cc) owners, or

21 “(dd) persons employed in a  
22 bona fide executive, administra-  
23 tive, or professional capacity  
24 (within the meaning of such  
25 terms as used in part 541 of title



1                   29, Code of Federal Regula-  
2                   tions).

3                   “(III) QUALIFIED APPREN-  
4                   TICE.—The term ‘qualified apprentice’  
5                   means an employee participating in an  
6                   apprenticeship program registered  
7                   with the Office of Apprenticeship of  
8                   the Employment Training Administra-  
9                   tion of the Department of Labor or a  
10                  State apprenticeship agency recog-  
11                  nized by the Office of Apprenticeship  
12                  pursuant to the Act of August 16,  
13                  1937 (commonly known as the Na-  
14                  tional Apprenticeship Act) (50 Stat.  
15                  664, chapter 663; 29 U.S.C. 50 et  
16                  seq.).

17                  “(5) LABOR STANDARD WITH RESPECT TO OFF-  
18                  SHORE WIND MANUFACTURING PRODUCTION CRED-  
19                  IT.—

20                  “(A) IN GENERAL.—In the case of any  
21                  qualified manufacturing facility which satisfies  
22                  the requirements of subparagraph (B), as deter-  
23                  mined by the Secretary, the amount of the cred-  
24                  it determined under subsection (b)(2) shall be  
25                  increased by 10 percent of the amount of such

1 credit determined without regard to this sub-  
2 paragraph.

3 “(B) LABOR REQUIREMENTS.—A qualified  
4 manufacturing facility satisfies the require-  
5 ments of this subparagraph if all employees  
6 providing production or maintenance services at  
7 such facility are represented for the purposes of  
8 collective bargaining under section 9 of the Na-  
9 tional Labor Relations Act (29 U.S.C. 159).

10 “(e) REGISTRATION.—

11 “(1) IN GENERAL.—No credit shall be allowed  
12 under this section unless the taxpayer registers with  
13 the Secretary, at such time, in such form and man-  
14 ner, and subject to such terms and conditions, as the  
15 Secretary may by regulations prescribe. Such regula-  
16 tions shall include a provision that each taxpayer  
17 must submit a declaration made under the penalties  
18 of perjury certifying compliance with the require-  
19 ments under paragraphs (4) and (5) of subsection  
20 (d).

21 “(2) REGISTRATION IN EVENT OF CHANGE IN  
22 OWNERSHIP.—Under regulations prescribed by the  
23 Secretary, the taxpayer (other than a corporation  
24 the stock of which is regularly traded on an estab-  
25 lished securities market) shall be required to re-reg-

1       ister under this subsection if after a transaction (or  
2       series of related transactions) more than 50 percent  
3       of ownership interests in, or assets of, the taxpayer  
4       are held by persons other than persons (or persons  
5       related thereto) who held more than 50 percent of  
6       such interests or assets before the transaction (or  
7       series of related transactions).

8           “(3) DENIAL, REVOCATION, OR SUSPENSION OF  
9       REGISTRATION.—Rules similar to the rules of sec-  
10      tion 4222(c) shall apply to registration under this  
11      section.

12          “(4) INFORMATION REPORTING.—The Sec-  
13      retary may require—

14           “(A) information reporting by any person  
15      registered under this subsection, and

16           “(B) information reporting by such other  
17      persons as the Secretary deems necessary to  
18      carry out this section.

19      “(f) TERMINATION.—

20          “(1) OFFSHORE WIND MANUFACTURING IN-  
21      VESTMENT TAX CREDIT.—

22           “(A) IN GENERAL.—Except as provided in  
23      subparagraph (B), in the case of any qualified  
24      investment with respect to advanced offshore  
25      wind manufacturing property which is placed in

1 service after December 31, 2028, the amount of  
2 the credit determined under subsection (b)(1)  
3 (without regard to this subsection) shall be re-  
4 duced by—

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

7 “(ii) in the case of property placed in  
8 service in calendar year 2030, 65 percent,  
9 and

10 “(iii) in the case of property placed in  
11 service after December 31, 2030, 100 per-  
12 cent.

13 “(B) CERTAIN PROGRESS EXPENDITURE  
14 RULES MADE APPLICABLE.—Rules similar to  
15 the rules of subsections (c)(4) and (d) of sec-  
16 tion 46 (as in effect on the day before the date  
17 of the enactment of the Revenue Reconciliation  
18 Act of 1990) shall apply for purposes of sub-  
19 paragraph (A).

20 “(2) OFFSHORE WIND MANUFACTURING PRO-  
21 Duction TAX CREDIT.—No credit shall be allowed  
22 under subsection (b)(2) in the case of any qualified  
23 offshore wind component, related vessel, qualified  
24 cable, or qualified steel, first sold or placed in serv-  
25 ice after December 31, 2030.”.

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

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

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

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

11           (1) any qualified investment (as defined in sec-  
12 tion 36C(b)(1)(B) of the Internal Revenue Code of  
13 1986, as added by this section) with respect to prop-  
14 erty placed in service beginning after August 1,  
15 2021, and

16           (2) qualified offshore wind components, related  
17 vessels, qualified cables, or qualified steel (within the  
18 meaning of section 36C of such Code, as so added)  
19 first sold or placed in service after August 1, 2021.

○