

Maritime Tax Credit Proposal Announced to Incentivize U.S. Construction of Offshore Wind Vessels

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On July 27 Senator Joe Manchin (D-WV) and Senate Majority Leader Chuck Schumer (D-NY) announced wide-ranging legislation entitled the [“Inflation Reduction Act of 2022”](#) that would make substantial changes to U.S. federal tax policy. Included in the proposed legislation are historic renewable energy tax incentives including an incentive to manufacture “wind energy components” in the United States such as “related offshore wind vessels.”

A June 2022 updated National Renewable Energy Law report entitled *The Demand for a Domestic Offshore Wind Energy Supply Chain* concluded that there was substantial risk that President Biden’s offshore wind goal of 30 GW by 2030 would not be achieved because of a lack of vessels, particularly wind turbine installation vessels.

The existing “Advanced Manufacturing Production Credit” would be amended in the Manchin/Schumer legislation to address this risk at least partly. Special provision is made for a 10 percent “of the sales price” of the vessel tax credit for any “offshore wind vessel” constructed in the United States. “Offshore wind vessel” is defined as “any vessel which is purpose-built or retrofitted for purposes of the development, transport, installation, operation, or maintenance of offshore wind energy components.” Such “components” are defined as blades, nacelles, towers, and foundations and each has its own associated tax credit.

If enacted, the proposed legislation would gradually phase out these production credits between 2029 and 2032.

For a broader view of the key provisions in the “Inflation Reduction Act of 2022,” visit Winston & Strawn’s [Tax Impacts blog](#).

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Author

[Charlie Papavizas](#)

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