

106TH CONGRESS  
2D SESSION

# H. R. 5339

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for certain energy-efficient property.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 28, 2000

Mrs. JOHNSON of Connecticut (for herself, Mr. McNULTY, Mr. BOEHLERT, Mr. LARSON, and Mr. HUNTER) 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 allow a credit against income tax for certain energy-efficient property.

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. CREDIT FOR CERTAIN ENERGY-EFFICIENT**  
4 **PROPERTY.**

5 (a) BUSINESS PROPERTY.—

6 (1) IN GENERAL.—Subparagraph (A) of section  
7 48(a)(3) of the Internal Revenue Code of 1986 (de-  
8 fining energy property) is amended by striking “or”  
9 at the end of clause (i), by adding “or” at the end

1 of clause (ii), and by inserting after clause (ii) the  
2 following new clause:

3 “(iii) energy-efficient building prop-  
4 erty,”.

5 (2) ENERGY-EFFICIENT BUILDING PROP-  
6 ERTY.—Subsection (a) of section 48 of such Code is  
7 amended by redesignating paragraphs (4) and (5) as  
8 paragraphs (5) and (6), respectively, and by insert-  
9 ing after paragraph (3) the following new para-  
10 graph:

11 “(4) ENERGY-EFFICIENT BUILDING PROP-  
12 ERTY.—For purposes of this subsection—

13 “(A) IN GENERAL.—The term ‘energy-effi-  
14 cient building property’ means a fuel cell power  
15 plant that—

16 “(i) generates electricity using an  
17 electrochemical process,

18 “(ii) has an electricity-only generation  
19 efficiency greater than 30 percent, and

20 “(iii) has a minimum generating ca-  
21 pacity of 5 kilowatts.

22 “(B) LIMITATION.—In the case of energy-  
23 efficient building property placed in service dur-  
24 ing the taxable year, the credit under sub-

1 section (a) for such year may not exceed \$500  
2 for each kilowatt of capacity.

3 “(C) FUEL CELL POWER PLANT.—The  
4 term ‘fuel cell power plant’ means an integrated  
5 system comprised of a fuel cell stack assembly,  
6 a fuel processing unit, and associated balance of  
7 plant components that converts a fuel into elec-  
8 tricity using electrochemical means.

9 “(D) TERMINATION.—Such term shall not  
10 include any property placed in service after De-  
11 cember 31, 2005.”

12 (3) EFFECTIVE DATE.—The amendments made  
13 by this subsection shall apply to property placed in  
14 service after December 31, 2000, under rules similar  
15 to the rules of section 48(m) of the Internal Revenue  
16 Code of 1986 (as in effect on the day before the  
17 date of the enactment of the Revenue Reconciliation  
18 Act of 1990).

19 (b) NONBUSINESS PROPERTY.—

20 (1) IN GENERAL.—Subpart A of part IV of sub-  
21 chapter A of chapter 1 of such Code (relating to  
22 nonrefundable personal credits) is amended by in-  
23 serting after section 25A the following new section:

1 **“SEC. 25B. NONBUSINESS ENERGY-EFFICIENT BUILDING**  
2 **PROPERTY.**

3 “(a) IN GENERAL.—In the case of an individual,  
4 there shall be allowed as a credit against the tax imposed  
5 by this chapter for the taxable year an amount equal to  
6 the nonbusiness energy-efficient building property expend-  
7 itures which are paid or incurred during such year.

8 “(b) NONBUSINESS ENERGY-EFFICIENT BUILDING  
9 PROPERTY EXPENDITURES.—For purposes of this  
10 section—

11 “(1) IN GENERAL.—The term ‘nonbusiness en-  
12 ergy-efficient building property expenditures’ means  
13 expenditures made by the taxpayer for nonbusiness  
14 energy-efficient building property installed on or in  
15 connection with a dwelling unit—

16 “(A) which is located in the United States,  
17 and

18 “(B) which is used by the taxpayer as a  
19 residence.

20 Such term includes expenditures for labor costs  
21 properly allocable to the onsite preparation, assem-  
22 bly, or original installation of the property.

23 “(2) NONBUSINESS ENERGY-EFFICIENT BUILD-  
24 ING PROPERTY.—The term ‘nonbusiness energy-effi-  
25 cient building property’ means energy-efficient build-  
26 ing property (as defined in section 48(a)(4)) if—

1           “(A) the original use of such property com-  
2 mences with the taxpayer, and

3           “(B) such property meets the standards (if  
4 any) applicable to such property under section  
5 48(a)(3).

6           “(c) SPECIAL RULES.—

7           “(1) TENANT-STOCKHOLDER IN COOPERATIVE  
8 HOUSING CORPORATION.—In the case of an indi-  
9 vidual who is a tenant-stockholder (as defined in sec-  
10 tion 216) in a cooperative housing corporation (as  
11 defined in such section), such individual shall be  
12 treated as having made his tenant-stockholder’s pro-  
13 portionate share (as defined in section 216(b)(3)) of  
14 any expenditures of such corporation.

15           “(2) CONDOMINIUMS.—

16           “(A) IN GENERAL.—In the case of an indi-  
17 vidual who is a member of a condominium man-  
18 agement association with respect to a condo-  
19 minium which he owns, such individual shall be  
20 treated as having made his proportionate share  
21 of any expenditures of such association.

22           “(B) CONDOMINIUM MANAGEMENT ASSO-  
23 CIATION.—For purposes of this paragraph, the  
24 term ‘condominium management association’  
25 means an organization which meets the require-

1           ments of paragraph (1) of section 528(c) (other  
2           than subparagraph (E) thereof) with respect to  
3           a condominium project substantially all of the  
4           units of which are used as residences.

5           “(3) ALLOCATION IN CERTAIN CASES.—If less  
6           than 80 percent of the use of an item is for nonbusi-  
7           ness purposes, only that portion of the expenditures  
8           for such item which is properly allocable to use for  
9           nonbusiness purposes shall be taken into account.

10           “(4) WHEN EXPENDITURE MADE; AMOUNT OF  
11           EXPENDITURE.—

12           “(A) IN GENERAL.—Except as provided in  
13           subparagraph (B), an expenditure with respect  
14           to an item shall be treated as made when the  
15           original installation of the item is completed.

16           “(B) EXPENDITURES PART OF BUILDING  
17           CONSTRUCTION.—In the case of an expenditure  
18           in connection with the construction or recon-  
19           struction of a structure, such expenditure shall  
20           be treated as made when the original use of the  
21           constructed or reconstructed structure by the  
22           taxpayer begins.

23           “(C) AMOUNT.—The amount of any ex-  
24           penditure shall be the cost thereof.

1           “(5) PROPERTY FINANCED BY SUBSIDIZED EN-  
2           ERGY FINANCING.—For purposes of determining the  
3           amount of nonbusiness energy-efficient building  
4           property expenditures made by any individual with  
5           respect to any dwelling unit, there shall not be taken  
6           in to account expenditures which are made from  
7           subsidized energy financing (as defined in section  
8           48(a)(4)(A)).

9           “(d) BASIS ADJUSTMENTS.—For purposes of this  
10          subtitle, if a credit is allowed under this section for any  
11          expenditure with respect to any property, the increase in  
12          the basis of such property which would (but for this sub-  
13          section) result from such expenditure shall be reduced by  
14          the amount of the credit so allowed.

15          “(e) TERMINATION.—This section shall not apply to  
16          any expenditure made after December 31, 2005.”

17                 (2) CONFORMING AMENDMENTS.—

18                         (A) Subsection (a) of section 1016 of such  
19                         Code is amended by striking “and” at the end  
20                         of paragraph (26), by striking the period at the  
21                         end of paragraph (27) and inserting “; and”,  
22                         and by adding at the end the following new  
23                         paragraph:

1           “(28) to the extent provided in section 25B(d),  
2           in the case of amounts with respect to which a credit  
3           has been allowed under section 25B.”.

4           (B) The table of sections for subpart A of  
5           part IV of subchapter A of chapter 1 of such  
6           Code is amended by inserting after the item re-  
7           lating to section 25A the following new item:

          “Sec. 25B. Nonbusiness energy-efficient building property.”.

8           (3) **EFFECTIVE DATE.**—The amendments made  
9           by this subsection shall apply to expenditures made  
10          after December 31, 2000.

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