

107TH CONGRESS
1ST SESSION

H. R. 2147

To amend the Internal Revenue Code of 1986 to provide tax credits for making energy efficiency improvements to existing homes and for constructing new energy efficient homes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 2001

Mr. WELLER (for himself, Mr. JOHNSON of Illinois, Mr. CARDIN, Mr. ENGLISH, Mr. RAMSTAD, and Mr. KERNS) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide tax credits for making energy efficiency improvements to existing homes and for constructing new energy efficient homes.

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 “Save America’s Valu-
5 able Energy Resources Act of 2001”.

1 **SEC. 2. CREDIT FOR ENERGY EFFICIENCY IMPROVEMENTS**
2 **TO EXISTING HOMES.**

3 (a) IN GENERAL.—Subpart A of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 (relating to nonrefundable personal credits) is
6 amended by inserting after section 25A the following new
7 section:

8 **“SEC. 25B. ENERGY EFFICIENCY IMPROVEMENTS TO EXIST-**
9 **ING HOMES.**

10 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
11 dividual, there shall be allowed as a credit against the tax
12 imposed by this chapter for the taxable year an amount
13 equal to 20 percent of the amount paid or incurred by
14 the taxpayer for qualified energy efficiency improvements
15 installed during such taxable year.

16 “(b) LIMITATIONS.—

17 “(1) MAXIMUM CREDIT.—The credit allowed by
18 this section with respect to a dwelling shall not ex-
19 ceed \$2,000.

20 “(2) PRIOR CREDIT AMOUNTS FOR TAXPAYER
21 ON SAME DWELLING TAKEN INTO ACCOUNT.—If a
22 credit was allowed to the taxpayer under subsection
23 (a) with respect to a dwelling in 1 or more prior tax-
24 able years, the amount of the credit otherwise allow-
25 able for the taxable year with respect to that dwell-
26 ing shall not exceed the amount of \$2,000 reduced

1 by the sum of the credits allowed under subsection
2 (a) to the taxpayer with respect to the dwelling for
3 all prior taxable years.

4 “(c) CARRYFORWARD OF UNUSED CREDIT.—If the
5 credit allowable under subsection (a) exceeds the limita-
6 tion imposed by section 26(a) for such taxable year re-
7 duced by the sum of the credits allowable under subpart
8 A of part IV of subchapter A (other than this section),
9 such excess shall be carried to the succeeding taxable year
10 and added to the credit allowable under subsection (a) for
11 such taxable year.

12 “(d) QUALIFIED ENERGY EFFICIENCY IMPROVE-
13 MENTS.—For purposes of this section, the term ‘qualified
14 energy efficiency improvements’ means any energy effi-
15 cient building envelope component that is certified to meet
16 or exceed the prescriptive criteria for such component es-
17 tablished by the 1998 International Energy Conservation
18 Code, if—

19 “(1) such component is installed in or on a
20 dwelling—

21 “(A) located in the United States, and

22 “(B) owned and used by the taxpayer as
23 the taxpayer’s principal residence (within the
24 meaning of section 121),

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

3 “(3) such component reasonably can be ex-
4 pected to remain in use for at least 5 years.

5 The certification requirement of the preceding sentence
6 shall apply only to the extent that the aggregate cost of
7 such components exceeds \$2,500.

8 “(e) CERTIFICATION.—The certification described in
9 subsection (d) shall be—

10 “(1) determined on the basis of the technical
11 specifications or applicable ratings (including prod-
12 uct labeling requirements) for the measurement of
13 energy efficiency, based upon energy use or building
14 envelope component performance, for the energy effi-
15 cient building envelope component,

16 “(2) provided by the contractor who installed
17 such building envelope component, a local building
18 regulatory authority, a utility, a manufactured home
19 production inspection primary inspection agency
20 (IPIA), or an accredited home energy rating system
21 provider who is accredited by or otherwise author-
22 ized to use approved energy performance measure-
23 ment methods by the Home Energy Ratings Systems
24 Council or the National Association of State Energy
25 Officials, and

1 “(3) made in writing in a manner that specifies
2 in readily verifiable fashion the energy efficient
3 building envelope components installed and their re-
4 spective energy efficiency levels.

5 “(f) DEFINITIONS AND SPECIAL RULES.—

6 “(1) TENANT-STOCKHOLDER IN COOPERATIVE
7 HOUSING CORPORATION.—In the case of an indi-
8 vidual who is a tenant-stockholder (as defined in sec-
9 tion 216) in a cooperative housing corporation (as
10 defined in such section), such individual shall be
11 treated as having paid his tenant-stockholder’s pro-
12 portionate share (as defined in section 216(b)(3)) of
13 the cost of qualified energy efficiency improvements
14 made by 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 paid his proportionate share
21 of the cost of qualified energy efficiency im-
22 provements made by such association.

23 “(B) CONDOMINIUM MANAGEMENT ASSO-
24 CIATION.—For purposes of this paragraph, the
25 term ‘condominium management association’

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

6 “(3) BUILDING ENVELOPE COMPONENT.—The
7 term ‘building envelope component’ means—

8 “(A) insulation material or system which is
9 specifically and primarily designed to reduce the
10 heat loss or gain of a dwelling when installed
11 in or on such dwelling, and

12 “(B) exterior windows (including skylights)
13 and doors.

14 “(4) MANUFACTURED HOMES INCLUDED.—For
15 purposes of this section, the term ‘dwelling’ includes
16 a manufactured home which conforms to Federal
17 Manufactured Home Construction and Safety Stand-
18 ards (24 C.F.R. 3280).

19 “(g) BASIS ADJUSTMENT.—For purposes of this sub-
20 title, if a credit is allowed under this section for any ex-
21 penditure with respect to any property, the increase in the
22 basis of such property which would (but for this sub-
23 section) result from such expenditure shall be reduced by
24 the amount of the credit so allowed.

1 “(h) TERMINATION.—Subsection (a) shall apply to
2 qualified energy efficiency improvements installed during
3 the period beginning on January 1, 2001, and ending on
4 December 31, 2005.”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Subsection (c) of section 23 of such Code
7 is amended by inserting “, section 25B, and section
8 1400C” after “other than this section”.

9 (2) Subparagraph (C) of section 25(e)(1) of
10 such Code is amended by striking “section 23” and
11 inserting “sections 23, 25B, and 1400C”.

12 (3) Subsection (d) of section 1400C of such
13 Code is amended by inserting “and section 25B”
14 after “other than this section”.

15 (4) Subsection (a) of section 1016 of such Code
16 is amended by striking “and” at the end of para-
17 graph (26), by striking the period at the end of
18 paragraph (27) and inserting “; and”, and by add-
19 ing at the end the following new paragraph:

20 “(28) to the extent provided in section 25B(f),
21 in the case of amounts with respect to which a credit
22 has been allowed under section 25B.”.

23 (5) The table of sections for subpart A of part
24 IV of subchapter A of chapter 1 of such Code is

1 amended by inserting after the item relating to sec-
2 tion 25A the following new item:

“Sec. 25B. Energy efficiency improvements to existing homes.”

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years ending after De-
5 cember 31, 2000.

6 **SEC. 3. BUSINESS CREDIT FOR CONSTRUCTION OF NEW EN-
7 ERGY EFFICIENT HOME.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of
10 1986 (relating to business related credits) is amended by
11 inserting after section 45F the following new section:

12 **“SEC. 45G. NEW ENERGY EFFICIENT HOME CREDIT.**

13 “(a) IN GENERAL.—For purposes of section 38, in
14 the case of an eligible contractor, the credit determined
15 under this section for the taxable year is an amount equal
16 to the aggregate adjusted bases of all energy efficient
17 property installed in a qualified new energy efficient home
18 during construction of such home.

19 “(b) LIMITATIONS.—

20 “(1) MAXIMUM CREDIT.—

21 “(A) IN GENERAL.—The credit allowed by
22 this section with respect to a dwelling shall not
23 exceed \$2,000.

24 “(B) PRIOR CREDIT AMOUNTS ON SAME
25 DWELLING TAKEN INTO ACCOUNT.—If a credit

1 was allowed under subsection (a) with respect
2 to a dwelling in 1 or more prior taxable years,
3 the amount of the credit otherwise allowable for
4 the taxable year with respect to that dwelling
5 shall not exceed the amount of \$2,000 reduced
6 by the sum of the credits allowed under sub-
7 section (a) with respect to the dwelling for all
8 prior taxable years.

9 “(2) COORDINATION WITH REHABILITATION
10 AND ENERGY CREDITS.—For purposes of this
11 section—

12 “(A) the basis of any property referred to
13 in subsection (a) shall be reduced by that por-
14 tion of the basis of any property which is attrib-
15 utable to qualified rehabilitation expenditures
16 (as defined in section 47(c)(2)) or to the energy
17 percentage of energy property (as determined
18 under section 48(a)), and

19 “(B) expenditures taken into account
20 under either section 47 or 48(a) shall not be
21 taken into account under this section.

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

23 “(1) ELIGIBLE CONTRACTOR.—The term ‘eligi-
24 ble contractor’ means the person who constructed
25 the new energy efficient home, or in the case of a

1 manufactured home which conforms to Federal
2 Manufactured Home Construction and Safety Stand-
3 ards (24 C.F.R. 3280), the manufactured home pro-
4 ducer of such home.

5 “(2) ENERGY EFFICIENT PROPERTY.—The
6 term ‘energy efficient property’ means any energy
7 efficient building envelope component, and any en-
8 ergy efficient heating or cooling appliance.

9 “(3) QUALIFIED NEW ENERGY EFFICIENT
10 HOME.—The term ‘qualified new energy efficient
11 home’ means a dwelling—

12 “(A) located in the United States,

13 “(B) the construction of which is substan-
14 tially completed after December 31, 2000,

15 “(C) the original use of which is as a prin-
16 cipal residence (within the meaning of section
17 121) which commences with the person who ac-
18 quires such dwelling from the eligible con-
19 tractor, and

20 “(D) which is certified to have a level of
21 annual heating and cooling energy consumption
22 that is at least 30 percent below the annual
23 level of heating and cooling energy consumption
24 of a comparable dwelling constructed in accord-

1 ance with the standards of the 1998 Inter-
2 national Energy Conservation Code.

3 “(4) CONSTRUCTION.—The term ‘construction’
4 includes reconstruction and rehabilitation.

5 “(5) ACQUIRE.—The term ‘acquire’ includes
6 purchase and, in the case of reconstruction and re-
7 habilitation, such term includes a binding written
8 contract for such reconstruction or rehabilitation.

9 “(6) BUILDING ENVELOPE COMPONENT.—The
10 term ‘building envelope component’ means—

11 “(A) insulation material or system which is
12 specifically and primarily designed to reduce the
13 heat loss or gain of a dwelling when installed in
14 or on such dwelling, and

15 “(B) exterior windows (including skylights)
16 and doors.

17 “(7) MANUFACTURED HOME INCLUDED.—The
18 term ‘dwelling’ includes a manufactured home con-
19 forming to Federal Manufactured Home Construc-
20 tion and Safety Standards (24 C.F.R. 3280).

21 “(d) CERTIFICATION.—

22 “(1) METHOD.—A certification described in
23 subsection (c)(3)(D) shall be determined on the
24 basis of one of the following methods:

1 “(A) The technical specifications or appli-
2 cable ratings (including product labeling re-
3 quirements) for the measurement of energy effi-
4 ciency for the energy efficient building envelope
5 component or energy efficient heating or cooling
6 appliance, based upon energy use or building
7 envelope component performance.

8 “(B) An energy performance measurement
9 method that utilizes computer software ap-
10 proved by organizations designated by the Sec-
11 retary.

12 “(2) PROVIDER.—Such certification shall be
13 provided by—

14 “(A) in the case of a method described in
15 paragraph (1)(A), the eligible contractor, a
16 local building regulatory authority, a utility, a
17 manufactured home production inspection pri-
18 mary inspection agency (IPIA), or an accred-
19 ited home energy rating systems provider who
20 is accredited by, or otherwise authorized to use,
21 approved energy performance measurement
22 methods by the Home Energy Ratings Systems
23 Council or the National Association of State
24 Energy Officials, or

1 “(B) in the case of a method described in
2 paragraph (1)(B), an individual recognized by
3 an organization designated by the Secretary for
4 such purposes.

5 “(3) FORM.—Such certification shall be made
6 in writing in a manner that specifies in readily
7 verifiable fashion the energy efficient building enve-
8 lope components and energy efficient heating or
9 cooling appliances installed and their respective en-
10 ergy efficiency levels, and in the case of a method
11 described in subparagraph (B) of paragraph (1), ac-
12 companied by written analysis documenting the
13 proper application of a permissible energy perform-
14 ance measurement method to the specific cir-
15 cumstances of such dwelling.

16 “(4) REGULATIONS.—

17 “(A) IN GENERAL.—In prescribing regula-
18 tions under this subsection for energy perform-
19 ance measurement methods, the Secretary shall
20 prescribe procedures for calculating annual en-
21 ergy costs for heating and cooling and cost sav-
22 ings and for the reporting of the results. Such
23 regulations shall—

24 “(i) be based on the National Home
25 Energy Rating Technical Guidelines of the

1 National Association of State Energy Offi-
2 cials, the Home Energy Rating Guidelines
3 of the Home Energy Rating Systems
4 Council, or the modified 1998 California
5 Residential ACM manual,

6 “(ii) provide that any calculation pro-
7 cedures be developed such that the same
8 energy efficiency measures allow a home to
9 qualify for the credit under this section re-
10 gardless of whether the house uses a gas
11 or oil furnace or boiler or an electric heat
12 pump, and

13 “(iii) require that any computer soft-
14 ware allow for the printing of the Federal
15 tax forms necessary for the credit under
16 this section and explanations for the home-
17 buyer of the energy efficient features that
18 were used to comply with the requirements
19 of this section.

20 “(B) PROVIDERS.—For purposes of para-
21 graph (2)(B), the Secretary shall establish re-
22 quirements for the designation of individuals
23 based on the requirements for energy consult-
24 ants and home energy raters specified by the
25 National Association of State Energy Officials.

1 “(e) BASIS ADJUSTMENT.—For purposes of this sub-
2 title, if a credit is allowed under this section for any ex-
3 penditure with respect to any property, the increase in the
4 basis of such property which would (but for this sub-
5 section) result from such expenditure shall be reduced by
6 the amount of the credit so allowed.

7 “(f) TERMINATION.—Subsection (a) shall apply to
8 dwellings purchased during the period beginning on Janu-
9 ary 1, 2001, and ending on December 31, 2005.”

10 (b) CREDIT MADE PART OF GENERAL BUSINESS
11 CREDIT.—Subsection (b) of section 38 of such Code (re-
12 lating to current year business credit) is amended by strik-
13 ing “plus” at the end of paragraph (13), by striking the
14 period at the end of paragraph (14) and inserting “, plus”,
15 and by adding at the end thereof the following new para-
16 graph:

17 “(16) the new energy efficient home credit de-
18 termined under section 45G.”.

19 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C of
20 such Code (relating to certain expenses for which credits
21 are allowable) is amended by adding at the end thereof
22 the following new subsection:

23 “(d) NEW ENERGY EFFICIENT HOME EXPENSES.—
24 No deduction shall be allowed for that portion of expenses
25 for a new energy efficient home otherwise allowable as a

1 deduction for the taxable year which is equal to the
2 amount of the credit determined for such taxable year
3 under section 45G.”.

4 (d) CREDIT ALLOWED AGAINST REGULAR AND MIN-
5 IMUM TAX.—

6 (1) IN GENERAL.—Subsection (c) of section 38
7 of such Code (relating to limitation based on amount
8 of tax) is amended by redesignating paragraph (3)
9 as paragraph (4) and by inserting after paragraph
10 (2) the following new paragraph:

11 “(3) SPECIAL RULES FOR NEW ENERGY EFFI-
12 CIENT HOME CREDIT.—

13 “(A) IN GENERAL.—In the case of the new
14 energy efficient home credit—

15 “(i) this section and section 39 shall
16 be applied separately with respect to the
17 credit, and

18 “(ii) in applying paragraph (1) to the
19 credit—

20 “(I) subparagraph (A) thereof
21 shall not apply, and

22 “(II) the limitation under para-
23 graph (1) (as modified by subclause
24 (I)) shall be reduced by the credit al-
25 lowed under subsection (a) for the

1 taxable year (other than the new en-
2 ergy efficient home credit).

3 “(B) NEW ENERGY EFFICIENT HOME
4 CREDIT.—For purposes of this subsection, the
5 term ‘new energy efficient home credit’ means
6 the credit allowable under subsection (a) by rea-
7 son of section 45G.”.

8 (2) CONFORMING AMENDMENT.—Subclause (II)
9 of section 38(c)(2)(A)(ii) of such Code is amended
10 by inserting “or the new energy efficient home cred-
11 it” after “employment credit”.

12 (e) LIMITATION ON CARRYBACK.—Subsection (d) of
13 section 39 of such Code is amended by adding at the end
14 the following new paragraph:

15 “(11) NO CARRYBACK OF NEW ENERGY EFFI-
16 CIENT HOME CREDIT BEFORE EFFECTIVE DATE.—
17 No portion of the unused business credit for any
18 taxable year which is attributable to the credit deter-
19 mined under section 45G may be carried back to any
20 taxable year ending before the date of the enactment
21 of section 45G.”.

22 (f) DEDUCTION FOR CERTAIN UNUSED BUSINESS
23 CREDITS.—Subsection (c) of section 196 of such Code is
24 amended by striking “and” at the end of paragraph (9),
25 by striking the period at the end of paragraph (10) and

1 inserting “, and”, and by adding after paragraph (10) the
2 following new paragraph:

3 “(11) the new energy efficient home credit de-
4 termined under section 45G.”.

5 (g) CLERICAL AMENDMENT.—The table of sections
6 for subpart D of part IV of subchapter A of chapter 1
7 of such Code is amended by inserting after the item relat-
8 ing to section 45F the following new item:

 “Sec. 45G. New energy efficient home credit.”.

9 (h) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years ending after De-
11 cember 31, 2000.

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