

108TH CONGRESS  
2D SESSION

# S. 2655

To amend the Internal Revenue Code of 1986 to provide a credit for the production of water and energy efficient appliances.

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IN THE SENATE OF THE UNITED STATES

JULY 14, 2004

Mr. SMITH introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for the production of water and energy efficient appliances.

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 “Water and Energy Ef-  
5 ficient Appliances Act of 2004”.

6 **SEC. 2. CREDIT FOR WATER AND ENERGY EFFICIENT AP-**  
7 **PLIANCES.**

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

1 1986 (relating to business-related credits) is amended by  
 2 adding at the end the following new section:

3 **“SEC. 45G. WATER AND ENERGY EFFICIENT APPLIANCE**  
 4 **CREDIT.**

5 “(a) ALLOWANCE OF CREDIT.—

6 “(1) IN GENERAL.—For purposes of section 38,  
 7 the water and energy efficient appliance credit deter-  
 8 mined under this section for the taxable year is an  
 9 amount equal to the sum of the amounts determined  
 10 under paragraph (2) for qualified water and energy  
 11 efficient appliances produced by the taxpayer during  
 12 the calendar year ending with or within the taxable  
 13 year.

14 “(2) AMOUNT.—The amount determined under  
 15 this paragraph for any category described in sub-  
 16 section (b)(2)(B) shall be the product of the applica-  
 17 ble amount for appliances in the category and the el-  
 18 igible production for the category.

19 “(b) APPLICABLE AMOUNT; ELIGIBLE PRODUC-  
 20 TION.—For purposes of subsection (a)—

21 “(1) APPLICABLE AMOUNT.—The applicable  
 22 amount is—

23 “(A) \$25, in the case of a dishwasher man-  
 24 ufactured with an EF of at least 0.65,

1           “(B) \$50, in the case of a dishwasher  
2           manufactured with an EF of at least 0.69,

3           “(C) \$75, in the case of a clothes washer  
4           which is manufactured with an MEF of at least  
5           a 1.80 and a WF of no more than 7.5,

6           “(D) \$100, in the case of a refrigerator  
7           which consumes at least 30 percent less kilo-  
8           watt hours per year than the energy conserva-  
9           tion standards for refrigerators promulgated by  
10          the Department of Energy and effective on July  
11          1, 2001, and

12          “(E) \$150, in the case of a clothes washer  
13          which is manufactured with an MEF of at least  
14          a 1.80 and a WF of no more than 5.5.

15          “(2) ELIGIBLE PRODUCTION.—

16                 “(A) IN GENERAL.—The eligible produc-  
17                 tion of each category of qualified water and en-  
18                 ergy efficient appliances is the excess of—

19                         “(i) the number of appliances in such  
20                         category which are produced by the tax-  
21                         payer during such calendar year, over

22                         “(ii) the average number of appliances  
23                         in such category which were produced by  
24                         the taxpayer during calendar years 2002,  
25                         2003, and 2004.

1           “(B) CATEGORIES.—For purposes of sub-  
2           paragraph (A), the categories are—

3                   “(i) dishwashers described in para-  
4                   graph (1)(A),

5                   “(ii) dishwashers described in para-  
6                   graph (1)(B),

7                   “(iii) clothes washers described in  
8                   paragraph (1)(C),

9                   “(iv) clothes washers described in  
10                  paragraph (1)(E), and

11                  “(v) refrigerators described in para-  
12                  graph (1)(D).

13           “(c) LIMITATION ON MAXIMUM CREDIT.—

14                   “(1) IN GENERAL.—The amount of credit al-  
15                   lowed under subsection (a) with respect to a tax-  
16                   payer for all taxable years shall not exceed  
17                   \$65,000,000, of which not more than \$15,000,000  
18                   may be allowed with respect to the credit determined  
19                   by using the applicable amount under subsections  
20                   (b)(1)(A) and (b)(1)(B).

21                   “(2) LIMITATION BASED ON GROSS RE-  
22                   CEIPTS.—The credit allowed under subsection (a)  
23                   with respect to a taxpayer for the taxable year shall  
24                   not exceed an amount equal to 2 percent of the aver-  
25                   age annual gross receipts of the taxpayer for the 3

1 taxable years preceding the taxable year in which  
2 the credit is determined.

3 “(3) GROSS RECEIPTS.—For purposes of this  
4 subsection, the rules of paragraphs (2) and (3) of  
5 section 448(c) shall apply.

6 “(d) DEFINITIONS.—For purposes of this section—

7 “(1) QUALIFIED WATER AND ENERGY EFFI-  
8 CIENT APPLIANCE.—The term ‘qualified water and  
9 energy efficient appliance’ means—

10 “(A) a dishwasher described in subpara-  
11 graph (A) or (B) or subsection (b)(1),

12 “(B) a clothes washer described in sub-  
13 paragraph (C) or (E) of subsection (b)(1), or

14 “(C) a refrigerator described in subpara-  
15 graph (D) of subsection (b)(1).

16 “(2) DISHWASHER.—The term ‘dishwasher’  
17 means a standard residential dishwasher with a ca-  
18 pacity of 8 or more place settings plus 6 serving  
19 pieces.

20 “(3) CLOTHES WASHER.—The term ‘clothes  
21 washer’ means a residential clothes washer, includ-  
22 ing a residential style coin operated washer.

23 “(4) REFRIGERATOR.—The term ‘refrigerator’  
24 means an automatic defrost refrigerator-freezer

1 which has an internal volume of at least 16.5 cubic  
2 feet.

3 “(5) EF.—The term ‘EF’ means Energy Fac-  
4 tor (as determined by the Secretary of Energy).

5 “(6) MEF.—The term ‘MEF’ means Modified  
6 Energy Factor (as determined by the Secretary of  
7 Energy).

8 “(7) WF.—The term ‘WF’ means Water Fac-  
9 tor (as determined by the Secretary of Energy).

10 “(e) SPECIAL RULES.—

11 “(1) IN GENERAL.—Rules similar to the rules  
12 of subsections (c), (d), and (e) of section 52 shall  
13 apply for purposes of this section.

14 “(2) AGGREGATION RULES.—All persons treat-  
15 ed as a single employer under subsection (a) or (b)  
16 of section 52 or subsection (m) or (o) of section 414  
17 shall be treated as 1 person for purposes of sub-  
18 section (a).

19 “(f) VERIFICATION.—The taxpayer shall submit such  
20 information or certification as the Secretary, in consulta-  
21 tion with the Secretary of Energy, determines necessary  
22 to claim the credit amount under subsection (a).

23 “(g) TERMINATION.—This section shall not apply to  
24 water and energy efficient appliances produced after De-  
25 cember 31, 2010.”.

1 (b) CREDIT MADE PART OF GENERAL BUSINESS  
2 CREDIT.—Section 38(b) of such Code (relating to current  
3 year business credit) is amended by striking “plus” at the  
4 end of paragraph (14), by striking the period at the end  
5 of paragraph (15) and inserting “, plus”, and by adding  
6 at the end the following new paragraph:

7 “(16) the water and energy efficient appliance  
8 credit determined under section 45G(a).”.

9 (c) LIMITATION ON CARRYBACK.—Section 39(d) of  
10 such Code (relating to transition rules) is amended by  
11 adding at the end the following new paragraph:

12 “(11) NO CARRYBACK OF WATER AND ENERGY  
13 EFFICIENT APPLIANCE CREDIT BEFORE EFFECTIVE  
14 DATE.—No portion of the unused business credit for  
15 any taxable year which is attributable to the water  
16 and energy efficient appliance credit determined  
17 under section 45G may be carried to a taxable year  
18 ending before January 1, 2008.”.

19 (d) CLERICAL AMENDMENT.—The table of sections  
20 for subpart D of part IV of subchapter A of chapter 1  
21 of such Code is amended by adding at the end the fol-  
22 lowing new item:

“Sec. 45G. Water and energy efficient appliance credit.”.

1       (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to appliances produced after De-  
3 cember 31, 2007, in taxable years ending after such date.

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