

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5985

To amend the Internal Revenue Code of 1986 to extend and modify conservation and energy efficiency tax incentives, to extend the energy efficient appliance rebate program, to establish the Center for Advanced Solar Research, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 28, 2006

Mr. CARDOZA introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Financial Services, Science, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to extend and modify conservation and energy efficiency tax incentives, to extend the energy efficient appliance rebate program, to establish the Center for Advanced Solar Research, and for other purposes.

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 “Empowering America  
5 Act of 2006”.

1 **SEC. 2. EXTENSION AND MODIFICATION OF CREDIT FOR**  
2 **RESIDENTIAL ENERGY EFFICIENT PROP-**  
3 **ERTY.**

4 (a) **EXTENSION.**—Subsection (g) of section 25D of  
5 the Internal Revenue Code of 1986 (relating to termi-  
6 nation) is amended by striking “2007” and inserting  
7 “2015”.

8 (b) **MODIFICATION OF MAXIMUM CREDIT.**—Para-  
9 graph (1) of section 25D(b) of such Code (relating to limi-  
10 tations) is amended to read as follows:

11 “(1) **MAXIMUM CREDIT.**—The credit allowed  
12 under subsection (a) for any taxable year shall not  
13 exceed—

14 “(A) \$2,000 with respect to each half kilo-  
15 watt of capacity of qualified photovoltaic prop-  
16 erty for which qualified photovoltaic property  
17 expenditures are made,

18 “(B) \$2,000 with respect to any qualified  
19 solar water heating property expenditures, and

20 “(C) \$500 with respect to each half kilo-  
21 watt of capacity of qualified fuel cell property  
22 (as defined in section 48(e)(1)) for which quali-  
23 fied fuel cell property expenditures are made.”.

24 (c) **CREDIT ALLOWED AGAINST ALTERNATIVE MIN-**  
25 **IMUM TAX.**—

1           (1) IN GENERAL.—Section 25D(b) of such Code  
2           (as amended by subsection (b)) is amended by add-  
3           ing at the end the following new paragraph:

4           “(3) CREDIT ALLOWED AGAINST ALTERNATIVE  
5           MINIMUM TAX.—The credit allowed under subsection  
6           (a) for the taxable year shall not exceed the excess  
7           of—

8                   “(A) the sum of the regular tax liability  
9                   (as defined in section 26(b)) plus the tax im-  
10                  posed by section 55, over

11                   “(B) the sum of the credits allowable  
12                  under subpart A of part IV of subchapter A  
13                  and section 27 for the taxable year.”.

14           (2) CONFORMING AMENDMENT.—Subsection (c)  
15           of section 25D of such Code is amended to read as  
16           follows:

17           “(c) CARRYFORWARD OF UNUSED CREDIT.—If the  
18           credit allowable under subsection (a) for any taxable year  
19           exceeds the limitation imposed by subsection (b)(3) for  
20           such taxable year, such excess shall be carried to the suc-  
21           ceeding taxable year and added to the credit allowable  
22           under subsection (a) for such succeeding taxable year.”.

23           (d) EFFECTIVE DATE.—The amendments made by  
24           this section shall apply to taxable years beginning after  
25           December 31, 2006.

1 **SEC. 3. EXTENSION AND MODIFICATION OF CREDIT FOR**  
2 **NONBUSINESS ENERGY PROPERTY.**

3 (a) **EXTENSION.**—Subsection (g) of section 25C of  
4 the Internal Revenue Code of 1986 (relating to termi-  
5 nation) is amended by striking “2007” and inserting  
6 “2015”.

7 (b) **MODIFICATION OF CREDIT AMOUNT.**—Section  
8 25C of such Code (relating to nonbusiness energy prop-  
9 erty) is amended—

10 (1) in subsection (a)(1), by striking “10 per-  
11 cent” and inserting “15 percent”, and

12 (2) in subsection (b)—

13 (A) in paragraph (1), by striking “\$500”  
14 and inserting “\$1,000”,

15 (B) in paragraph (2), by striking “\$200”  
16 and inserting “\$500”, and

17 (C) in paragraph (3)—

18 (i) in subparagraph (A), by striking  
19 “\$50” and inserting “\$150”,

20 (ii) in subparagraph (B), by striking  
21 “\$150” and inserting “\$300”, and

22 (iii) in subparagraph (C), by striking  
23 “\$300” and inserting “\$500”.

24 (c) **CREDIT ALLOWED AGAINST ALTERNATIVE MIN-**  
25 **IMUM TAX.**—Section 25C(b) of such Code (as amended

1 by subsection (b)(2)) is amended by adding at the end the  
2 following new paragraph:

3           “(4) CREDIT ALLOWED AGAINST ALTERNATIVE  
4           MINIMUM TAX.—The credit allowed under subsection  
5           (a) for the taxable year shall not exceed the excess  
6           of—

7                   “(A) the sum of the regular tax liability  
8                   (as defined in section 26(b)) plus the tax im-  
9                   posed by section 55, over

10                   “(B) the sum of the credits allowable  
11                   under subpart A of part IV of subchapter A  
12                   and section 27 for the taxable year.”.

13           (d) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2006.

16 **SEC. 4. EXTENSION AND MODIFICATION OF ENERGY EFFI-**  
17 **CIENT COMMERCIAL BUILDINGS DEDUCTION.**

18           (a) EXTENSION.—Subsection (h) of section 179D of  
19 the Internal Revenue Code of 1986 (relating to termi-  
20 nation) is amended by striking “2007” and inserting  
21 “2015”.

22           (b) MODIFICATION OF MAXIMUM DEDUCTION.—Sub-  
23 paragraph (A) of section 179D(b)(1)(A) of such Code (re-  
24 lating to maximum amount of deduction) is amended by  
25 striking “\$1.80” and inserting “\$2.00”.

1 (c) MODIFICATION OF PARTIAL ALLOWANCE.—Sub-  
2 paragraph (A) of section 179D(d)(1) of such Code (relat-  
3 ing to partial allowance) is amended in the flush text fol-  
4 lowing clause (ii) by striking “substituting ‘\$.60’ for  
5 ‘\$1.80’” and inserting “substituting ‘\$.75’ for ‘\$2.00’”.

6 (d) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 2006.

9 **SEC. 5. EXTENSION OF ENERGY CREDIT FOR EQUIPMENT**  
10 **WHICH USES SOLAR ENERGY.**

11 (a) IN GENERAL.—Subsection (a) of section 48 of the  
12 Internal Revenue Code of 1986 (relating to energy credit)  
13 is amended—

14 (1) in paragraph (2)(A)(i)(II) by striking  
15 “2008” and inserting “2015”, and

16 (2) in paragraph (3)(A)(ii) by striking “2008”  
17 and inserting “2015”.

18 (b) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to taxable years beginning after  
20 December 31, 2006.

21 **SEC. 6. STUDY ON EFFECTIVENESS OF ENERGY EFFI-**  
22 **CIENCY TAX INCENTIVES.**

23 (a) STUDY.—The Secretary of Energy, in collabora-  
24 tion with the Secretary of the Treasury, shall conduct a  
25 study on the effectiveness of the conservation and energy

1 efficiency tax incentives enacted in subtitle C of the En-  
2 ergy Tax Incentives Act of 2005 that includes an analysis  
3 of the rate of participation with respect to such tax incen-  
4 tives and recommendations for additional measures that  
5 could be taken to increase the rate of participation.

6 (b) REPORT.—Not later than 1 year after the date  
7 of enactment of this Act, the Secretary of Energy shall  
8 transmit to Congress a report on the results of the study  
9 conducted pursuant to subsection (a).

10 **SEC. 7. ENERGY EFFICIENT APPLIANCE REBATE PRO-**  
11 **GRAMS.**

12 Section 124(f) of the Energy Policy Act of 2005 (42  
13 U.S.C. 15821(f)) is amended by striking “2010” and in-  
14 serting “2015”.

15 **SEC. 8. SOLAR ENERGY SYSTEMS BUILDING PERMIT RE-**  
16 **QUIREMENTS FOR RECEIPT OF COMMUNITY**  
17 **DEVELOPMENT BLOCK GRANT FUNDS.**

18 Section 104 of the Housing and Community Develop-  
19 ment Act of 1974 (42 U.S.C. 5304) is amended by adding  
20 at the end the following new subsection:

21 “(n) REQUIREMENTS FOR BUILDING PERMITS RE-  
22 GARDING SOLAR ENERGY SYSTEMS.—

23 “(1) IN GENERAL.—A grant under section 106  
24 for a fiscal year may be made only if the grantee  
25 certifies to the Secretary that—

1           “(A) in the case of a grant under section  
2           106(a) for any Indian tribe or insular area,  
3           during such fiscal year the cost of any permit  
4           or license, for construction or installation of any  
5           solar energy system for any structure, that is  
6           required by the tribe or insular area or by any  
7           other unit of general local government or other  
8           political subdivision of such tribe or insular  
9           area, complies with paragraph (2);

10           “(B) in the case of a grant under section  
11           106(b) for any metropolitan city or urban coun-  
12           ty, during such fiscal year the cost of any per-  
13           mit or license, for construction or installation of  
14           any solar energy system for any structure, that  
15           is required by the metropolitan city or urban  
16           county, or by any other political subdivision of  
17           such city or county, complies with paragraph  
18           (2); and

19           “(C) in the case of a grant under section  
20           106(d) for any State, during such fiscal year  
21           the cost of any permit or license, for construc-  
22           tion or installation of any solar energy system  
23           for any structure, that is required by the State,  
24           or by any other unit of general local govern-  
25           ment within any nonentitlement area of such

1 State, or other political subdivision within any  
2 nonentitlement area of such State or such a  
3 unit of general local government, complies with  
4 paragraph (2).

5 “(2) LIMITATION ON COST.—The cost of permit  
6 or license for construction or installation of any  
7 solar energy system complies with this paragraph  
8 only if such cost does not exceed the following  
9 amount:

10 “(A) RESIDENTIAL STRUCTURES.—In the  
11 case of a structure primarily for residential use,  
12 \$500.

13 “(B) NONRESIDENTIAL STRUCTURES.—In  
14 the case of a structure primarily for nonresiden-  
15 tial use, 1.0 percent of the total cost of the in-  
16 stallation or construction of the solar energy  
17 system.

18 “(3) NONCOMPLIANCE.—If the Secretary deter-  
19 mines that a grantee of a grant made under section  
20 106 is not in compliance with a certification under  
21 paragraph (1)—

22 “(A) the Secretary shall notify the grantee  
23 of such determination; and

24 “(B) if the grantee has not corrected such  
25 noncompliance before the expiration of the 6-

1 month period beginning upon notification under  
2 subparagraph (A), such grantee shall not be eli-  
3 gible for a grant under section 106 for the first  
4 fiscal year that commences after the expiration  
5 of such 6-month period.

6 “(4) SOLAR ENERGY SYSTEM.—For purposes of  
7 this subsection, the term ‘solar energy system’  
8 means, with respect to a structure, equipment that  
9 uses solar energy to generate electricity for, or to  
10 heat or cool (or provide hot water for use in), such  
11 structure.”.

12 **SEC. 9. PROHIBITION OF RESTRICTIONS ON RESIDENTIAL**  
13 **INSTALLATION OF SOLAR ENERGY SYSTEM.**

14 (a) REGULATIONS.—Within 180 days after the enact-  
15 ment of this Act, the Secretary of Housing and Urban  
16 Development, in consultation with the Secretary of En-  
17 ergy, shall issue regulations—

18 (1) to prohibit any private covenant, contract  
19 provision, lease provision, homeowners’ association  
20 rule or bylaw, or similar restriction, that impairs the  
21 ability of the owner or lessee of any residential  
22 structure designed for occupancy by one family to  
23 install, construct, maintain, or use a solar energy  
24 system on such residential property; and

1           (2) to require that whenever any such covenant,  
2           provision, rule or bylaw, or restriction requires ap-  
3           proval for the installation or use of a solar energy  
4           system, the application for approval shall be proc-  
5           essed and approved by the appropriate approving en-  
6           tity in the same manner as an application for ap-  
7           proval of an architectural modification to the prop-  
8           erty, and shall not be willfully avoided or delayed.

9           (b) CONTENTS.—Such regulations shall provide  
10          that—

11           (1) such a covenant, provision, rule or bylaw, or  
12           restriction impairs the installation, construction,  
13           maintenance, or use of a solar energy system if it—

14                   (A) unreasonably delays or prevents instal-  
15                   lation, maintenance, or use;

16                   (B) unreasonably increases the cost of in-  
17                   stallation, maintenance, or use; or

18                   (C) precludes use of such a system; and

19           (2) any fee or cost imposed on the owner or les-  
20           see of such a residential structure by such a cov-  
21           enant, provision, rule or bylaw, or restriction shall  
22           be considered unreasonable if—

23                   (A) such fee or cost is not reasonable in  
24                   comparison to the cost of the solar energy sys-  
25                   tem or the value of its use; or

1 (B) treatment of solar energy systems by  
2 the covenant, provision, rule or bylaw, or re-  
3 striction is not reasonable in comparison with  
4 treatment of comparable systems by the same  
5 covenant, provision, rule or bylaw, or restric-  
6 tion.

7 (c) SOLAR ENERGY SYSTEM.—For purposes of this  
8 section, the term “solar energy system” means, with re-  
9 spect to a structure, equipment that uses solar energy to  
10 generate electricity for, or to heat or cool (or provide hot  
11 water for use in), such structure.

12 **SEC. 10. CENTER FOR ADVANCED SOLAR RESEARCH.**

13 (a) ESTABLISHMENT.—The Secretary of Energy  
14 shall establish a Center for Advanced Solar Research and  
15 Development within the Office of Energy Efficiency and  
16 Renewable Energy to carry out an advanced solar research  
17 and development program to coordinate and promote the  
18 further development of solar technologies. This program  
19 shall include a competitive grant program for academia  
20 and private research in solar technologies. The Center  
21 shall serve as a clearinghouse for United States solar re-  
22 search and development, supporting research, develop-  
23 ment, and demonstration of advanced solar energy sys-  
24 tems. The Center shall advance—

1           (1) performance, reliability, environmental im-  
2           pact, and cost-competiveness of solar thermal and  
3           photovoltaic technologies;

4           (2) large-scale photovoltaic and solar thermal  
5           power plants;

6           (3) thermal and electricity storage technologies  
7           to enhance the dispatchability of solar energy;

8           (4) fuel production technologies using solar en-  
9           ergy;

10          (5) innovation in manufacturing techniques and  
11          processes for solar energy systems;

12          (6) materials and devices to improve photo-  
13          voltaic conversion efficiencies and reduce costs;

14          (7) policy analysis aimed at increasing use of  
15          solar energy technologies, and monitoring the effec-  
16          tiveness of existing policies; and

17          (8) comprehensive solar systems integration.

18          (b) AUTHORIZATION OF APPROPRIATIONS.—There  
19          are authorized to be appropriated to the Secretary of En-  
20          ergy for carrying out this section \$250,000,000 for each  
21          of the fiscal years 2007 through 2011, to remain available  
22          until expended.

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