

109TH CONGRESS  
1ST SESSION

# S. 1987

To amend the Internal Revenue Code of 1986 to provide a refundable tax credit for residential energy cost assistance and for other purposes.

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 9, 2005

Mr. REED 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 refundable tax credit for residential energy cost assistance 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 “Low-Income Home En-  
5 ergy Security Tax Act”.

6 **SEC. 2. REFUNDABLE TAX CREDIT FOR RESIDENTIAL EN-**  
7 **ERGY COST ASSISTANCE.**

8 (a) IN GENERAL.—Subpart C of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of  
10 1986 (relating to refundable credits) is amended by redess-

1 ignating section 36 as section 37 and by inserting after  
2 section 35 the following new section:

3 **“SEC. 36. CREDIT FOR RESIDENTIAL ENERGY COST ASSIST-**  
4 **ANCE.**

5 “(a) GENERAL RULE.—In the case of an individual,  
6 there shall be allowed as a credit against the tax imposed  
7 by this subtitle for the taxable year an amount equal to  
8 the lesser of—

9 “(1) 33 percent of the amount paid or incurred  
10 for residential energy costs by the taxpayer for each  
11 month such individual is an individual during such  
12 taxable year, or

13 “(2) \$300.

14 “(b) INCOME LIMITATION.—

15 “(1) IN GENERAL.—The amount allowable as a  
16 credit under subsection (a) for any taxable year (de-  
17 termined without regard to subsection (e)) shall be  
18 reduced (but not below zero) by an amount which  
19 bears the same ratio to the amount so allowable (de-  
20 termined without regard to this paragraph) as—

21 “(A) the amount (if any) by which the tax-  
22 payer’s adjusted gross income exceeds \$35,000  
23 (\$70,000 in the case of a joint return), bears to

24 “(B) \$10,000.

1           “(2) DETERMINATION OF ADJUSTED GROSS IN-  
2 COME.—For purposes of paragraph (1), adjusted  
3 gross income shall be determined without regard to  
4 sections 911, 931, and 933.

5           “(c) DEFINITIONS AND SPECIAL RULES.—For pur-  
6 poses of this section—

7           “(1) RESIDENTIAL ENERGY COSTS.—The term  
8 ‘residential energy costs’ means, with respect to any  
9 principal residence of the taxpayer located in the  
10 United States for any month, the sum of—

11                   “(A) the cost of any energy utility, plus

12                   “(B) the cost of the purchase of any home  
13 energy fuel.

14           “(2) REDUCTION FOR GRANTS.—The amount of  
15 residential energy costs which may be taken into ac-  
16 count with respect to any month shall be reduced by  
17 any amount received by the taxpayer for such month  
18 for any residential energy cost under the Low-In-  
19 come Home Energy Assistance program under title  
20 XXVI of the Omnibus Budget Reconciliation Act of  
21 1981 (42 U.S.C. 8621 et seq.).

22           “(3) PRINCIPAL RESIDENCE.—The term ‘prin-  
23 cipal residence’ has the same meaning as in section  
24 121, except that—

1           “(A) no ownership requirement shall be  
2 imposed, and

3           “(B) the principal residence must be used  
4 by the taxpayer as the taxpayer’s residence dur-  
5 ing the taxable year.

6           “(4) HOMEOWNERS ASSOCIATIONS.—The appli-  
7 cation of this section to homeowners associations (as  
8 defined in section 528(c)(1)) or members of such as-  
9 sociations, and tenant-stockholders in cooperative  
10 housing corporations (as defined in section 216),  
11 shall be allowed by allocation, apportionment, or oth-  
12 erwise, to the individuals paying, directly or indi-  
13 rectly, for the residential energy cost so incurred.

14           “(d) INFLATION ADJUSTMENT.—

15           “(1) IN GENERAL.—In the case of any taxable  
16 year beginning after 2005, each of the dollar  
17 amounts contained in subsections (a)(2) and  
18 (b)(1)(A) shall be increased by an amount equal  
19 to—

20           “(A) such dollar amount, multiplied by

21           “(B) in the case of—

22           “(i) the dollar amount contained in  
23 subsection (a)(2), the fuel price inflation  
24 adjustment for the calendar year in which  
25 the taxable year begins, and

1           “(ii) the dollar amounts contained in  
2           subsection (b)(1)(A), the cost-of-living ad-  
3           justment determined under section 1(f)(3)  
4           for the calendar year in which the taxable  
5           year begins by substituting ‘calendar year  
6           2004’ for ‘calendar year 1992’ in subpara-  
7           graph (B) thereof.

8           “(2) FUEL PRICE INFLATION ADJUSTMENT.—  
9           For purposes of paragraph (1)(B)(i)—

10           “(A) IN GENERAL.—The fuel price infla-  
11           tion adjustment for any calendar year is the  
12           percentage (if any) by which—

13           “(i) the CPI fuel component for Octo-  
14           ber of the preceding calendar year, exceeds

15           “(ii) the CPI fuel component for Oc-  
16           tober of 2004.

17           “(B) CPI FUEL COMPONENT.—The term  
18           ‘CPI fuel component’ means the fuel component  
19           of the Consumer Price Index for All Urban  
20           Consumers published by the Department of  
21           Labor.

22           “(3) ROUNDING.—

23           “(A) CREDIT AMOUNT.—If the dollar  
24           amount in subsection (a)(2) (after being in-  
25           creased under paragraph (1)), is not a multiple

1 of \$10, such dollar amount shall be rounded to  
2 the nearest multiple of \$10.

3 “(B) INCOME THRESHOLD.—If any dollar  
4 amount in subsection (b)(1)(A) (after being in-  
5 creased under paragraph (1)), is not a multiple  
6 of \$50, such dollar amount shall be rounded to  
7 the next lowest multiple of \$50.

8 “(e) COORDINATION WITH ADVANCE PAYMENTS OF  
9 CREDIT.—With respect to any taxable year, the amount  
10 which would (but for this subsection) be allowed as a cred-  
11 it to the taxpayer under subsection (a) shall be reduced  
12 (but not below zero) by the aggregate amount paid on be-  
13 half of such taxpayer under section 7529 for months be-  
14 ginning in such taxable year.

15 “(f) REGULATIONS.—The Secretary may prescribe  
16 such regulations and other guidance as may be necessary  
17 or appropriate to carry out this section, section 6050U,  
18 and section 7529.

19 “(g) APPLICABILITY OF SECTION.—This section shall  
20 apply to residential energy costs paid or incurred after the  
21 date of the enactment of this section, in taxable years end-  
22 ing after such date and before January 1, 2008.”.

23 (b) ADVANCE PAYMENT OF CREDIT.—Chapter 77 of  
24 the Internal Revenue Code of 1986 (relating to miscella-

1 neous provisions) is amended by adding at the end the  
2 following new section:

3 **“SEC. 7529. ADVANCE PAYMENT OF CREDIT FOR RESIDEN-**  
4 **TIAL ENERGY COSTS.**

5 “(a) GENERAL RULE.—The Secretary shall establish  
6 a program for making payments on behalf of certified indi-  
7 viduals to providers of residential energy (within the  
8 meaning of section 36(c)(1)) for such individuals.

9 “(b) LIMITATION ON ADVANCE PAYMENTS DURING  
10 ANY TAXABLE YEAR.—The Secretary may make pay-  
11 ments under subsection (a) only to the extent that the  
12 total amount of such payments made on behalf of any indi-  
13 vidual during the taxable year does not exceed the amount  
14 of the credit allowable to such individual under section 36  
15 for the taxable year.

16 “(c) CERTIFIED INDIVIDUAL.—For purposes of this  
17 section, the term ‘certified individual’ means any indi-  
18 vidual for whom a qualified residential energy costs credit  
19 eligibility certificate is in effect.

20 “(d) QUALIFIED RESIDENTIAL ENERGY COSTS  
21 CREDIT ELIGIBILITY CERTIFICATE.—For purposes of this  
22 section, the term ‘qualified residential energy costs credit  
23 eligibility certificate’ means any written statement if such  
24 statement provides such information as the Secretary may  
25 require for purposes of this section and is certified by the

1 Low-Income Home Energy Assistance program official of  
 2 the State in which such individual resides.”.

3 (c) INFORMATION RETURNS.—Subpart B of part III  
 4 of subchapter A of chapter 61 of the Internal Revenue  
 5 Code of 1986 (relating to information concerning trans-  
 6 actions with other persons) is amended by adding at the  
 7 end the following new section:

8 **“SEC. 6050U. RETURNS RELATING TO CREDIT FOR RESI-  
 9 DENTIAL ENERGY COSTS.**

10 “(a) REQUIREMENT OF REPORTING.—Every person  
 11 who is entitled to receive payments for any month of any  
 12 calendar year under section 7529 (relating to advance pay-  
 13 ment of credit for residential energy costs) with respect  
 14 to any certified individual (as defined in section 7529(e))  
 15 shall, at such time as the Secretary may prescribe, make  
 16 the return described in subsection (b) with respect to each  
 17 such individual.

18 “(b) FORM AND MANNER OF RETURNS.—A return  
 19 is described in this subsection if such return—

20 “(1) is in such form as the Secretary may pre-  
 21 scribe, and

22 “(2) contains—

23 “(A) the name, address, and TIN of each  
 24 individual referred to in subsection (a),

1           “(B) the number of months for which  
2           amounts were entitled to be received with re-  
3           spect to such individual under section 7529 (re-  
4           lating to advance payment of credit for residen-  
5           tial energy costs),

6           “(3) the amount entitled to be received for each  
7           such month, and

8           “(4) such other information as the Secretary  
9           may prescribe.

10          “(c) STATEMENTS TO BE FURNISHED TO INDIVID-  
11          UALS WITH RESPECT TO WHOM INFORMATION IS RE-  
12          QUIRED.—Every person required to make a return under  
13          subsection (a) shall furnish to each individual whose name  
14          is required to be set forth in such return a written state-  
15          ment showing—

16                 “(1) the name and address of the person re-  
17                 quired to make such return and the phone number  
18                 of the information contact for such person, and

19                 “(2) the information required to be shown on  
20                 the return with respect to such individual.

21          The written statement required under the preceding sen-  
22          tence shall be furnished on or before January 31 of the  
23          year following the calendar year for which the return  
24          under subsection (a) is required to be made.”.

25          (d) CONFORMING AMENDMENTS.—

1           (1) Section 1324(b)(2) of title 31, United  
 2 States Code, is amended by striking “or” before  
 3 “enacted” and by inserting before the period at the  
 4 end “, or from section 36 of such Code”.

5           (2) Section 6103(l) of the Internal Revenue  
 6 Code of 1986 is amended by adding at the end the  
 7 following new paragraph:

8           “(21) DISCLOSURE OF RETURN INFORMATION  
 9 FOR PURPOSES OF CARRYING OUT A PROGRAM FOR  
 10 ADVANCE PAYMENT OF CREDIT FOR RESIDENTIAL  
 11 ENERGY COSTS.—The Secretary may disclose to pro-  
 12 viders of residential energy for any certified indi-  
 13 vidual (as defined in section 7529(c)) return infor-  
 14 mation with respect to such certified individual only  
 15 to the extent necessary to carry out the program es-  
 16 tablished by section 7529 (relating to advance pay-  
 17 ment of credit for residential energy costs).”.

18           (e) CLERICAL AMENDMENTS.—

19           (1) The table of sections for subpart C of part  
 20 IV of subchapter A of chapter 1 of the Internal Rev-  
 21 enue Code of 1986 is amended by striking the item  
 22 relating to section 35 and by adding at the end the  
 23 following new items:

“Sec. 36. Credit for residential energy cost assistance.

“Sec. 37. Overpayments of tax.”.

1           (2) The table of sections for chapter 77 of such  
2           Code is amended by adding at the end the following  
3           new item:

“Sec. 7529. Advance payment of credit for residential energy costs.”.

4           (3) The table of sections for subpart B of part  
5           III of subchapter A of chapter 61 of such Code is  
6           amended by adding at the end the following new  
7           item:

“Sec. 6050U. Returns relating to credit for residential energy costs.”.

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