

109TH CONGRESS
2D SESSION

S. 3628

To amend the Internal Revenue Code of 1986 to improve and extend certain energy-related tax provisions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 29, 2006

Ms. SNOWE (for herself, Mrs. FEINSTEIN, and Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to improve and extend certain energy-related tax provisions, 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; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “EXTEND the Energy Efficiency Incentives Act of
6 2006”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this Act an amend-
9 ment or repeal is expressed in terms of an amendment
10 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
 2 sion of the Internal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents of
 4 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—NON-BUSINESS ENERGY IMPROVEMENTS

Sec. 101. Performance based energy improvements for non-business property.

Sec. 102. Extension and modification of credit for nonbusiness energy property.

Sec. 103. Modification of credit for solar electric property and solar hot water
 property.

TITLE II—BUSINESS-RELATED ENERGY IMPROVEMENTS

Sec. 201. Extension and clarification of new energy efficient home credit.

Sec. 202. Extension and modification of deduction for energy efficient commer-
 cial buildings.

Sec. 203. Deduction for energy efficient low-rise buildings.

Sec. 204. Energy efficient property deduction.

Sec. 205. Extension of investment tax credit with respect to solar energy prop-
 erty and qualified fuel cell property.

TITLE III—INCENTIVES FOR ENERGY SAVINGS CERTIFICATIONS

Sec. 301. Credit for energy savings certifications.

5 **TITLE I—NON-BUSINESS** 6 **ENERGY IMPROVEMENTS**

7 **SEC. 101. PERFORMANCE BASED ENERGY IMPROVEMENTS** 8 **FOR NON-BUSINESS PROPERTY.**

9 (a) IN GENERAL.—Subpart A of part IV of sub-
 10 chapter A of chapter 1 is amended by inserting after sec-
 11 tion 25D the following new section:

12 **“SEC. 25E. PERFORMANCE BASED ENERGY IMPROVE-** 13 **MENTS.**

14 “(a) IN GENERAL.—In the case of an individual,
 15 there shall be allowed as a credit against the tax imposed
 16 by this chapter for the taxable year an amount equal to

1 the amount of qualified energy efficiency expenditures
2 paid or incurred by the taxpayer during the taxable year.

3 “(b) LIMITATIONS.—

4 “(1) IN GENERAL.—The amount allowed as a
5 credit under subsection (a) shall not exceed—

6 “(A) in the case of a principal residence
7 that achieves a qualified energy savings of 50
8 percent or more, \$2,000, and

9 “(B) in the case of a principal residence
10 which achieves a qualified energy savings of less
11 than 50 percent, the product of—

12 “(i) the qualified energy savings
13 achieved, and

14 “(ii) \$4,000.

15 “(2) MINIMUM AMOUNT OF QUALIFIED ENERGY
16 SAVINGS.—No credit shall be allowed under sub-
17 section (a) with respect to any principal residence
18 which achieves a qualified energy savings of less
19 than 20 percent.

20 “(c) QUALIFIED ENERGY EFFICIENCY EXPENDI-
21 TURES.—For purposes of this section:

22 “(1) IN GENERAL.—The term ‘qualified energy
23 efficiency expenditures’ means any amount paid or
24 incurred which is related to producing qualified en-

1 ergy savings in a principal residence of the taxpayer
2 which is located in the United States.

3 “(2) NO DOUBLE BENEFIT FOR CERTAIN EX-
4 PENDITURES.—The term ‘qualified energy efficiency
5 expenditures’ shall not include any expenditure for
6 which a deduction or credit is otherwise allowed to
7 the taxpayer under this chapter.

8 “(3) PRINCIPAL RESIDENCE.—The term ‘prin-
9 cipal residence’ has the same meaning as when used
10 in section 121, except that—

11 “(A) no ownership requirement shall be
12 imposed, and

13 “(B) the period for which a building is
14 treated as used as a principal residence shall
15 also include the 60-day period ending on the 1st
16 day on which it would (but for this subpara-
17 graph) first be treated as used as a principal
18 residence.

19 “(d) QUALIFIED ENERGY SAVINGS.—For purposes of
20 this section—

21 “(1) IN GENERAL.—The term ‘qualified energy
22 savings’ means, with respect to any principal resi-
23 dence, the amount (measured as a percentage) by
24 which—

1 “(A) the annual energy use with respect to
2 the principal residence after qualified energy ef-
3 ficiency expenditures are made, as certified
4 under paragraph (2), is less than

5 “(B) the annual energy use with respect to
6 the principal residence before the qualified en-
7 ergy efficiency expenditures were made, as cer-
8 tified under paragraph (2).

9 In determining annual energy use under subpara-
10 graph (B), any energy efficiency improvements
11 which are not attributable to qualified energy effi-
12 ciency expenditures shall be disregarded.

13 “(2) CERTIFICATION.—

14 “(A) IN GENERAL.—The Secretary, in con-
15 sultation with the Secretary of Energy, shall
16 prescribe the procedures and methods for the
17 making of certifications under this paragraph
18 based on the Residential Energy Services Net-
19 work (RESNET) Technical Guidelines in effect
20 on the date of the enactment of this section.

21 “(B) QUALIFIED INDIVIDUALS.—Any cer-
22 tification made under this paragraph may only
23 be made by an individual who is recognized by
24 an organization certified by the Secretary for
25 such purposes.

1 “(e) SPECIAL RULES.—For purposes of this section
2 rules similar to the rules under paragraphs (4), (5), (6),
3 (7), (8), and (9) of section 25D(e) and section 25C(e)(2)
4 shall apply.

5 “(f) BASIS ADJUSTMENTS.—For purposes of this
6 subtitle, if a credit is allowed under this section with re-
7 spect to any expenditure with respect to any property, the
8 increase in the basis of such property which would (but
9 for this subsection) result from such expenditure shall be
10 reduced by the amount of the credit so allowed.

11 “(g) TERMINATION.—This section shall not apply
12 with respect to any property placed in service after Decem-
13 ber 31, 2010.”.

14 (b) INTERIM GUIDANCE ON CERTIFICATION.—

15 (1) IN GENERAL.—Not later than 90 days after
16 the date of the enactment of this Act, the Secretary
17 of the Treasury, in consultation with the Secretary
18 of Energy, shall issue interim guidance on—

19 (A) the procedures and methods for mak-
20 ing certifications under sections 25E(d)(2)(A)
21 and 179E(d)(2)(A) of the Internal Revenue
22 Code of 1986, as added by subsection (a) and
23 section 203, respectively; and

24 (B) the recognition of qualified individuals
25 under sections 25E(d)(2)(B) and

1 179E(d)(2)(B) of such Code for the purpose of
2 making such certifications.

3 (2) CONSULTATION WITH STAKEHOLDERS.—

4 (A) IN GENERAL.—The Secretary of the
5 Treasury, in issuing guidance pursuant to para-
6 graph (1), shall consider comments from energy
7 efficiency experts and other interested parties.

8 (B) OTHER CONSIDERATIONS.—In the case
9 of guidance issued pursuant to paragraph
10 (1)(B), the Secretary of the Treasury shall also
11 consider—

12 (i) the Residential Energy Services
13 Network Technical Guidelines and other
14 pertinent guidelines for evaluating energy
15 savings;

16 (ii) energy modeling software, includ-
17 ing software accredited through the Resi-
18 dential Energy Services Network; and

19 (iii) quality assurance procedures of
20 the Building Performance Institute, Home
21 Performance through Energy Star, and the
22 Residential Energy Services Network.

23 (c) ALTERNATIVE CERTIFICATION METHODS.—

24 (1) IN GENERAL.—The Secretary of the Treas-
25 ury shall establish a procedure for individuals and

1 businesses to petition for the approval of alternative
2 methods of certification under sections 25E(d)(2)(A)
3 and 179E(d)(2)(A) of the Internal Revenue Code of
4 1986, as added by subsection (a) and section 203,
5 respectively.

6 (2) DETERMINATION.—The Secretary of the
7 Treasury shall make a determination on the ap-
8 proval or disapproval of such alternative methods of
9 certification not later than 90 days after receiving a
10 petition under paragraph (1).

11 (d) CONFORMING AMENDMENTS.—

12 (1) Section 1016(a) is amended by striking
13 “and” at the end of paragraph (36), by striking the
14 period at the end of paragraph (37) and inserting “,
15 and”, and by adding at the end the following new
16 paragraph:

17 “(38) to the extent provided in section
18 25E(f).”.

19 (2) The table of sections for subpart A of part
20 IV of subchapter A chapter 1 is amended by insert-
21 ing after the item relating to section 25D the fol-
22 lowing new item:

“Sec. 25E. Performance based energy improvements.”.

23 (e) EFFECTIVE DATES.—The amendments made by
24 this section shall apply to amounts paid or incurred in tax-

1 able years beginning after the date of the enactment of
2 this Act.

3 **SEC. 102. EXTENSION AND MODIFICATION OF CREDIT FOR**
4 **NONBUSINESS ENERGY PROPERTY.**

5 (a) **EXTENSION.**—Subsection (g) of section 25C of
6 the Internal Revenue Code of 1986 (relating to termi-
7 nation) is amended by striking “December 31, 2007” and
8 inserting “December 31, 2010”.

9 (b) **MODIFICATIONS FOR RESIDENTIAL ENERGY EF-**
10 **FICIENCY PROPERTY EXPENDITURES.**—

11 (1) **INCREASED LIMITATION FOR OIL FURNACES**
12 **AND NATURAL GAS, PROPANE, AND OIL HOT WATER**
13 **BOILERS.**—

14 (A) **IN GENERAL.**—Subparagraphs (B) and
15 (C) of section 25C(b)(3) are amended to read
16 as follows:

17 “(B) \$150 for any qualified natural gas
18 furnace or qualified propane furnace, and

19 “(C) \$300 for—

20 “(i) any item of energy-efficient build-
21 ing property, and

22 “(ii) any qualified oil furnace, quali-
23 fied natural gas hot water boiler, qualified
24 propane hot water boiler, or qualified oil
25 hot water boiler.”.

1 (B) CONFORMING AMENDMENT.—Clause
2 (ii) of section 25C(d)(2)(A) is amended to read
3 as follows:

4 “(ii) any qualified natural gas fur-
5 nace, qualified propane furnace, qualified
6 oil furnace, qualified natural gas hot water
7 boiler, qualified propane hot water boiler,
8 or qualified oil hot water boiler, or”.

9 (2) MODIFICATIONS OF STANDARDS FOR EN-
10 ERGY-EFFICIENT BUILDING PROPERTY.—

11 (A) ELECTRIC HEAT PUMPS.—Subpara-
12 graph (B) of section 25C(d)(3) is amended to
13 read as follows:

14 “(A) an electric heat pump which achieves
15 the highest efficiency tier established by the
16 Consortium for Energy Efficiency, as in effect
17 on January 1, 2007.”.

18 (B) CENTRAL AIR CONDITIONERS.—Sec-
19 tion 25C(d)(3)(D) is amended by striking
20 “2006” and inserting “2007”.

21 (C) OIL FURNACES AND HOT WATER BOIL-
22 ERS.—Paragraph (4) of section 25C(d) is
23 amended to read as follows:

24 “(4) QUALIFIED NATURAL GAS, PROPANE, AND
25 OIL FURNACES AND HOT WATER BOILERS.—

1 “(A) QUALIFIED NATURAL GAS FUR-
2 NACE.—The term ‘qualified natural gas fur-
3 nace’ means any natural gas furnace which
4 achieves an annual fuel utilization efficiency
5 rate of not less than 95.

6 “(B) QUALIFIED NATURAL GAS HOT
7 WATER BOILER.—The term ‘qualified natural
8 gas hot water boiler’ means any natural gas hot
9 water boiler which achieves an annual fuel utili-
10 zation efficiency rate of not less than 95.

11 “(C) QUALIFIED PROPANE FURNACE.—
12 The term ‘qualified propane furnace’ means any
13 propane furnace which achieves an annual fuel
14 utilization efficiency rate of not less than 95.

15 “(D) QUALIFIED PROPANE HOT WATER
16 BOILER.—The term ‘qualified propane hot
17 water boiler’ means any propane hot water boil-
18 er which achieves an annual fuel utilization effi-
19 ciency rate of not less than 95.

20 “(E) QUALIFIED OIL FURNACES.—The
21 term ‘qualified oil furnace’ means any oil fur-
22 nace which achieves an annual fuel utilization
23 efficiency rate of not less than 90.

24 “(F) QUALIFIED OIL HOT WATER BOIL-
25 ER.—The term ‘qualified oil hot water boiler’

1 means any oil hot water boiler which achieves
2 an annual fuel utilization efficiency rate of not
3 less than 90.”.

4 (c) MODIFICATION OF QUALIFIED ENERGY EFFI-
5 CIENCY IMPROVEMENTS.—

6 (1) IN GENERAL.—Paragraph (1) of section
7 25C(e) is amended by inserting “, or an asphalt roof
8 with appropriate cooling granules,” before “which
9 meet the Energy Star program requirements”.

10 (2) BUILDING ENVELOPE COMPONENT.—Sub-
11 paragraph (D) of section 25C(e)(2) is amended—

12 (A) by inserting “or asphalt roof” after
13 “metal roof”, and

14 (B) by inserting “or cooling granules”
15 after “pigmented coatings”.

16 (d) ELIMINATION OF CREDIT FOR QUALIFIED EN-
17 ERGY EFFICIENCY IMPROVEMENTS IN 2010.—

18 (1) IN GENERAL.—Subsection (a) of section
19 25C of the Internal Revenue Code of 1986 is
20 amended to read as follows:

21 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
22 dividual, there shall be allowed as a credit against the tax
23 imposed by this chapter for the taxable year an amount
24 equal to the amount of residential energy property expend-

1 itures paid or incurred by the taxpayer during the taxable
2 year.”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Section 25C(b) of such Code, as
5 amended by subsection (b)(1), is amended by
6 striking paragraphs (1) and (2) and by redesignig-
7 nating paragraph (3) as paragraph (1).

8 (B) Section 25C(b)(1) of such Code, as re-
9 designated by subparagraph (A), is amended by
10 striking “by reason of subsection (a)(2)”.

11 (C) Section 25C of such Code is amended
12 by striking subsection (c).

13 (e) EFFECTIVE DATES.—

14 (1) IN GENERAL.—Except as provided in para-
15 graphs (2) and (3), the amendments made by this
16 section shall apply to property placed in service after
17 the date of the enactment of this Act.

18 (2) SUBSECTION (b).—The amendments made
19 by subsection (b) shall apply to property placed in
20 service after December 31, 2006.

21 (3) SUBSECTION (d).—The amendments made
22 by subsection (d) shall apply to property placed in
23 service after December 31, 2009.

1 **SEC. 103. MODIFICATION OF CREDIT FOR SOLAR ELECTRIC**
2 **PROPERTY AND SOLAR HOT WATER PROP-**
3 **ERTY.**

4 (a) IN GENERAL.—Subsection (a) of section 25D (re-
5 lating to allowance of credit) is amended by striking para-
6 graphs (1) and (2) and inserting the following:

7 “(1) 100 percent of the qualified solar electric
8 property expenditures made by the taxpayer during
9 such year,

10 “(2) 100 percent of the qualified solar hot
11 water property expenditures made by the taxpayer
12 during such year, and”.

13 (b) LIMITATIONS.—

14 (1) IN GENERAL.—Paragraph (1) of section
15 25D(b) is amended by striking subparagraphs (A)
16 and (B) and inserting the following:

17 “(A) \$2 with respect to each peak watt of
18 capacity of qualified solar electric property for
19 which qualified solar electric property expendi-
20 tures are made,

21 “(B) in the case of qualified solar water
22 heating property expenditures, an amount equal
23 to—

24 “(i) in the case of a dwelling unit
25 which uses electricity to heat water, \$0.35
26 with respect to each kilowatt per year of

1 savings of qualified solar hot water prop-
2 erty for which qualified solar water heating
3 property expenditures are made, or

4 “(ii) in the case of a dwelling unit
5 which uses natural gas to heat water, \$7
6 with respect to each annual Therm of nat-
7 ural gas savings of qualified solar hot
8 water property for which qualified solar
9 water heating property expenditures are
10 made, and”.

11 (2) DETERMINATION OF SAVINGS.—Paragraph
12 (1) of section 25D(b) is amended by adding at the
13 end the following new flush sentence:

14 “For purposes of subparagraph (B), savings shall be
15 determined under regulations prescribed by the Sec-
16 retary based on the OG–300 Standard for the An-
17 nual Performance of OG–300 Certified Systems of
18 the Solar Rating and Certification Corporation.”.

19 (c) DEFINITIONS.—

20 (1) IN GENERAL.—Section 25D(d) is amend-
21 ed—

22 (A) by redesignating paragraph (3) as
23 paragraph (5), and

24 (B) by striking paragraphs (1) and (2) and
25 inserting the following:

1 “(1) QUALIFIED SOLAR ELECTRIC PROPERTY
2 EXPENDITURES.—The term ‘ qualified solar electric
3 property expenditures’ means any amount paid or
4 incurred for qualified solar electric property.

5 “(2) QUALIFIED SOLAR ELECTRIC PROPERTY.—
6 The term ‘qualified solar electric property’ means
7 solar electric property (as defined in section
8 179F(c)(2)(B)) installed on or in connection with a
9 dwelling unit located in the United States and used
10 as a residence by the taxpayer.

11 “(3) QUALIFIED SOLAR WATER HEATING PROP-
12 ERTY EXPENDITURES.—The term ‘qualified solar
13 water heating property expenditures’ means any
14 amount paid or incurred for qualified solar hot
15 water property.

16 “(4) QUALIFIED SOLAR HOT WATER PROP-
17 ERTY.—The term ‘qualified solar hot water property’
18 means solar hot water property (as defined in sec-
19 tion 179F(c)(2)(C)) installed on or in connection
20 with a dwelling unit located in the United States
21 and used as a residence by the taxpayer.”.

22 (2) CONFORMING AMENDMENTS.—

23 (A) Section 25D(e)(2) is amended by strik-
24 ing “property described in paragraph (1) and
25 (2) of subsection (d)” and inserting “qualified

1 solar electric property or qualified solar hot
2 water property”.

3 (B) Section 25D(e)(4)(C) is amended by
4 striking “paragraphs (1), (2), and (3)” and in-
5 serting “paragraphs (1),(3), and (5)”.

6 (d) DOLLAR AMOUNTS IN CASE OF JOINT OCCU-
7 PANCY.—Clauses (i) and (ii) of section 25D(e)(4)(A) are
8 amended to read as follows:

9 “(i) \$2 in the case of each peak watt
10 of capacity of qualified solar electric prop-
11 erty for which qualified solar electric prop-
12 erty expenditures are made,

13 “(ii) in the case of qualified solar
14 water heating property expenditures, an
15 amount equal to—

16 “(I) in the case of a dwelling unit
17 which uses electricity to heat water,
18 \$0.35 with respect to each kilowatt
19 per year of savings of qualified solar
20 hot water property for which qualified
21 solar water heating property expendi-
22 tures are made, or

23 “(II) in the case of a dwelling
24 unit which uses natural gas to heat
25 water, \$7 with respect to each annual

1 Term of natural gas savings of quali-
 2 fied solar hot water property for
 3 which qualified solar water heating
 4 property expenditures are made, and”.

5 (e) EXTENSION OF CREDIT.—Subsection (g) of sec-
 6 tion 25D is amended by striking “2007” and inserting
 7 “2010”.

8 (f) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to property placed in service after
 10 the date of the enactment of this Act.

11 **TITLE II—BUSINESS-RELATED**
 12 **ENERGY IMPROVEMENTS**

13 **SEC. 201. EXTENSION AND CLARIFICATION OF NEW EN-**
 14 **ERGY EFFICIENT HOME CREDIT.**

15 (a) EXTENSION.—Subsection (g) of section 45L (re-
 16 lating to termination) is amended by striking “December
 17 31, 2007” and inserting “December 31, 2010”.

18 (b) CLARIFICATION.—

19 (1) IN GENERAL.—Paragraph (1) of section
 20 45L(a) is amended by striking “and” at the end of
 21 subparagraph (A) and by striking subparagraph (B)
 22 and inserting the following:

23 “(B) acquired by a person from such eligi-
 24 ble contractor, and

1 “(C) used by any person as a residence
2 during the taxable year.”.

3 (2) EFFECTIVE DATE.—The amendments made
4 by this subsection shall take effect as if included in
5 section 1332 of the Energy Policy Act of 2005.

6 **SEC. 202. EXTENSION AND MODIFICATION OF DEDUCTION**
7 **FOR ENERGY EFFICIENT COMMERCIAL**
8 **BUILDINGS.**

9 (a) EXTENSION.—Subsection (h) of section 179D
10 (relating to termination) is amended to read as follows:

11 “(h) TERMINATION.—This section shall not apply
12 with respect to property—

13 “(1) which is certified under subsection (d)(6)
14 after December 31, 2011, or

15 “(2) which is placed in service after December
16 31, 2013.”.

17 (b) INCREASE IN MAXIMUM AMOUNT OF DEDUC-
18 TION.—

19 (1) IN GENERAL.—Subparagraph (A) of section
20 179D(b)(1) is amended by striking “\$1.80” and in-
21 serting “\$2.25”.

22 (2) PARTIAL ALLOWANCE.—Paragraph (1) of
23 section 179D(d) is amended—

24 (A) by striking “\$.60” and inserting
25 “\$0.75”, and

1 (B) by striking “\$1.80” and inserting
2 “\$2.25”.

3 (c) MODIFICATIONS TO CERTAIN SPECIAL RULES.—

4 (1) REQUIREMENTS FOR COMPUTER SOFTWARE
5 USED IN CALCULATING ENERGY AND POWER CON-
6 SUMPTION COSTS.—Computer software used in pre-
7 paring a calculation under section 179D(d)(2) of the
8 Internal Revenue Code of 1986 shall automati-
9 cally—

10 (A) generate the features, energy use, and
11 energy and power consumption costs of a ref-
12 erence building that meets Standard 90.1–2001
13 (as defined under section 179D(c)(2) of such
14 Code), and

15 (B) compare such features, energy use,
16 and consumption costs to the features, energy
17 use, and consumption costs of the building or
18 system with respect to which the calculation is
19 being made.

20 (2) TARGETS FOR PARTIAL ALLOWANCE OF
21 CREDIT.—The targets established by the Secretary
22 of Treasury under section 179D(b)(1)(B) of the In-
23 ternal Revenue Code of 1986 shall be based on pre-
24 scriptive criteria that can be modeled explicitly.

1 (d) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to property placed in service in
 3 taxable years beginning after the date of the enactment
 4 of this Act.

5 **SEC. 203. DEDUCTION FOR ENERGY EFFICIENT LOW-RISE**
 6 **BUILDINGS.**

7 (a) IN GENERAL.—Part VI of subchapter B of chap-
 8 ter 1 is amended by inserting after section 179D the fol-
 9 lowing new section:

10 **“SEC. 179E. ENERGY EFFICIENT LOW-RISE BUILDINGS DE-**
 11 **DUCTION.**

12 “(a) IN GENERAL.—There shall be allowed as a de-
 13 duction an amount equal to the amount of qualified energy
 14 efficiency expenditures paid or incurred by the taxpayer
 15 during the taxable year.

16 “(b) LIMITATIONS.—

17 “(1) IN GENERAL.—The amount allowed as a
 18 credit under subsection (a) shall not exceed—

19 “(A) in the case of a qualified low-rise
 20 building that achieves a qualified energy savings
 21 of 50 percent or more, \$6,000, and

22 “(B) in the case of a qualified low-rise
 23 building which achieves a qualified energy sav-
 24 ings of less than 50 percent, the product of—

1 “(i) the qualified energy savings
2 achieved, and

3 “(ii) \$12,000.

4 “(2) MINIMUM AMOUNT OF QUALIFIED ENERGY
5 SAVINGS.—No credit shall be allowed under sub-
6 section (a) with respect to any qualified low-rise
7 building which achieves a qualified energy savings of
8 less than 20 percent.

9 “(c) QUALIFIED ENERGY EFFICIENCY EXPENDI-
10 TURES.—For purposes of this section:

11 “(1) IN GENERAL.—The term ‘qualified energy
12 efficiency expenditures’ means any amount paid or
13 incurred which is related to producing qualified en-
14 ergy savings in a qualified low-rise building of the
15 taxpayer which is located in the United States.

16 “(2) NO DOUBLE BENEFIT FOR CERTAIN EX-
17 PENDITURES.—The term ‘qualified energy efficiency
18 expenditures’ shall not include any expenditure for
19 any property for which a deduction has been allowed
20 to the taxpayer under section 179F.

21 “(3) QUALIFIED LOW-RISE BUILDING.—The
22 term ‘qualified low-rise building’ means a building—

23 “(A) with respect to which depreciation is
24 allowable under section 167, and

1 “(B) which is not within the scope of
2 Standard 90.1–2001 (as defined under section
3 179D(e)(2)).

4 “(d) QUALIFIED ENERGY SAVINGS.—For purposes of
5 this section—

6 “(1) IN GENERAL.—The term ‘qualified energy
7 savings’ means, with respect to any qualified low-rise
8 building, the amount (measured as a percentage) by
9 which—

10 “(A) the annual energy use with respect to
11 the qualified low-rise building after qualified en-
12 ergy efficiency expenditures are made, as cer-
13 tified under paragraph (2), is less than

14 “(B) the annual energy use with respect to
15 the qualified low-rise building before the quali-
16 fied energy efficiency expenditures were made,
17 as certified under paragraph (2).

18 In determining annual energy use under subpara-
19 graph (B), any energy efficiency improvements
20 which are not attributable to qualified energy effi-
21 ciency expenditures shall be disregarded.

22 “(2) CERTIFICATION.—

23 “(A) IN GENERAL.—The Secretary, in con-
24 sultation with the Secretary of Energy, shall
25 prescribe the procedures and method for the

1 making of certifications under this paragraph
2 based on the Residential Energy Services Net-
3 work (RESNET) Technical Guidelines in effect
4 on the date of the enactment of this Act.

5 “(B) QUALIFIED INDIVIDUALS.—Any cer-
6 tification made under this paragraph may only
7 be made by an individual who is recognized by
8 an organization certified by the Secretary for
9 such purposes.

10 “(e) SPECIAL RULES.—For purposes of this section,
11 rules similar to the rules under paragraphs (8) and (9)
12 of section 25D(e) shall apply.

13 “(f) BASIS ADJUSTMENTS.—For purposes of this
14 subtitle, if a credit is allowed under this section with re-
15 spect to any expenditure with respect to any property, the
16 increase in the basis of such property which would (but
17 for this subsection) result from such expenditure shall be
18 reduced by the amount of the credit so allowed.

19 “(g) TERMINATION.—This section shall not apply
20 with respect to any property placed in service after Decem-
21 ber 31, 2010.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 1016(a), as amended by section
24 101, is amended by striking “and” at the end of
25 paragraph (37), by striking the period at the end of

1 paragraph (38) and inserting “, and”, and by add-
2 ing at the end the following new paragraph:

3 “(39) to the extent provided in section
4 179E(f).”.

5 (2) Section 1245(a) is amended by inserting
6 “179E,” after “179D,” both places it appears in
7 paragraphs (2)(C) and (3)(C).

8 (3) Section 1250(b)(3) is amended by inserting
9 “or 179E” after “section 179D”.

10 (4) Section 263(a)(1) is amended by striking
11 “or” at the end of subparagraph (J), by striking the
12 period at the end of subparagraph (K) and inserting
13 “, or”, and by inserting after subparagraph (K) the
14 following new subparagraph:

15 “(L) expenditures for which a deduction is
16 allowed under section 179E.”.

17 (5) Section 312(k)(3)(B) is amended by strik-
18 ing “179, 179A, 179B, 179C, or 179D” each place
19 it appears in the heading and text and inserting
20 “179, 179A, 179B, 179C, 179D, or 179E”.

21 (6) The table of sections for part VI of sub-
22 chapter B is amended by inserting after the item re-
23 lating to section 179D the following new item:

“Sec. 179E. Energy efficient low-rise buildings deduction.”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to amounts paid or incurred in tax-

1 able years beginning after the date of the enactment of
2 this Act.

3 **SEC. 204. ENERGY EFFICIENT PROPERTY DEDUCTION.**

4 (a) IN GENERAL.—Part VI of subchapter B of chap-
5 ter 1, as amended by section 203, is amended by inserting
6 after section 179E the following new section:

7 **“SEC. 179F. ENERGY EFFICIENT PROPERTY.**

8 “(a) IN GENERAL.—There shall be allowed as a de-
9 duction an amount equal to the energy efficient property
10 expenditures paid or incurred by the taxpayer during the
11 taxable year

12 “(b) LIMITATION.—The amount of the deduction al-
13 lowed under subsection (a) for any taxable years shall not
14 exceed—

15 “(1) \$150 for any advanced main air circu-
16 lating fan,

17 “(2) \$450 for any qualified natural gas furnace
18 or qualified propane furnace,

19 “(3) \$900 for—

20 “(A) any item of energy-efficient building
21 property, and

22 “(B) any qualified oil furnace, qualified
23 natural gas hot water boiler, qualified propane
24 hot water boiler, or qualified oil hot water boil-
25 er.

1 “(4) \$9 with respect to each peak watt of ca-
2 capacity of solar electric property,

3 “(5) in the case of solar hot water property, an
4 amount equal to—

5 “(A) in the case of a dwelling unit which
6 uses electricity to heat water, \$1 with respect to
7 each kilowatt per year of savings of such solar
8 hot water property, or

9 “(B) in the case of a dwelling unit which
10 uses natural gas to heat water, \$21 with re-
11 spect to each annual Therm of natural gas sav-
12 ings of such solar hot water property.

13 For purposes of paragraph (5), savings shall be deter-
14 mined under regulations prescribed by the Secretary based
15 on the OG-300 Standard for the Annual Performance of
16 OG-300 Certified Systems of the Solar Rating and Cer-
17 tification Corporation.

18 “(c) ENERGY EFFICIENT PROPERTY EXPENDI-
19 TURES.—For purposes of this section—

20 “(1) IN GENERAL.—The term ‘energy efficient
21 property expenditures’ means expenditures paid by
22 the taxpayer for qualified energy property which is—

23 “(A) of a character subject to the allow-
24 ance for depreciation, and

1 “(B) originally placed in service by the tax-
2 payer.

3 “(2) QUALIFIED ENERGY PROPERTY.—

4 “(A) IN GENERAL.—The term ‘qualified
5 energy property’ has the meaning given such
6 term by section 25C(d)(2), except that such
7 term shall include solar electric property and
8 solar hot water property.

9 “(B) SOLAR ELECTRIC PROPERTY.—The
10 term ‘solar electric property’ means property
11 which uses solar energy to generate electricity.

12 “(C) SOLAR HOT WATER PROPERTY.—The
13 term ‘solar hot water property’ means property
14 used to heat water if at least half of the energy
15 used by such property for such purpose is de-
16 rived from the sun.

17 “(d) BASIS ADJUSTMENTS.—For purposes of this
18 subtitle, if a credit is allowed under this section with re-
19 spect to any expenditure with respect to any property, the
20 increase in the basis of such property which would (but
21 for this subsection) result from such expenditure shall be
22 reduced by the amount of the credit so allowed.

23 “(e) TERMINATION.—This section shall not apply
24 with respect to any property placed in service after Decem-
25 ber 31, 2010.”.

1 (b) NO DOUBLE BENEFIT.—Section 179D(c) is
2 amended by adding at the end the following new para-
3 graph:

4 “(3) CERTAIN PROPERTY EXCLUDED.—The
5 term ‘energy efficient commercial building property’
6 does not include any property with respect to which
7 a credit has been allowed to the taxpayer under sec-
8 tion 179F.”.

9 (c) CONFORMING AMENDMENTS.—

10 (1) Section 1016(a), as amended by section
11 203, is amended by striking “and” at the end of
12 paragraph (38), by striking the period at the end of
13 paragraph (39) and inserting “, and”, and by add-
14 ing at the end the following new paragraph:

15 “(40) to the extent provided in section
16 179E(e).”.

17 (2) Section 1245(a), as amended by section 203
18 is amended by inserting “179F,” after “179E,”
19 both places it appears in paragraphs (2)(C) and
20 (3)(C).

21 (3) Section 1250(b)(3), as amended by section
22 203, is amended by inserting “or 179F” after “sec-
23 tion 179E”.

24 (4) Section 263(a)(1), as amended by section
25 203, is amended by striking “or” at the end of sub-

1 paragraph (K), by striking the period at the end of
 2 subparagraph (L) and inserting “, or”, and by in-
 3 serting after subparagraph (L) the following new
 4 subparagraph:

5 “(M) expenditures for which a deduction is
 6 allowed under section 179F.”.

7 (5) Section 312(k)(3)(B), as amended by sec-
 8 tion 203, is amended by striking “179, 179A, 179B,
 9 179C, 179D, or 179E” each place it appears in the
 10 heading and text and inserting “179, 179A, 179B,
 11 179C, 179D, 179E, or 179F”.

12 (6) The table of sections for part VI of sub-
 13 chapter B is amended by inserting after the item re-
 14 lating to section 179E the following new item:

“Sec. 179F. Energy efficient property.”.

15 (d) **EFFECTIVE DATE.**—The amendments made by
 16 this section shall apply to property placed in service in
 17 taxable years beginning after the date of the enactment
 18 of this Act.

19 **SEC. 205. EXTENSION OF INVESTMENT TAX CREDIT WITH**
 20 **RESPECT TO SOLAR ENERGY PROPERTY AND**
 21 **QUALIFIED FUEL CELL PROPERTY.**

22 (a) **SOLAR ENERGY PROPERTY.**—Paragraphs
 23 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) are each
 24 amended by striking “2008” and inserting “2012”.

1 (b) ELIGIBLE FUEL CELL PROPERTY.—Paragraph
 2 (1)(E) of section 48(c) is amended by striking “2007” and
 3 inserting “2011”.

4 **TITLE III—INCENTIVES FOR EN-**
 5 **ERGY SAVINGS CERTIFI-**
 6 **CATIONS**

7 **SEC. 301. CREDIT FOR ENERGY SAVINGS CERTIFICATIONS.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-
 9 chapter A of chapter 1 is amended by adding at the end
 10 the following new section:

11 **“SEC. 45N. ENERGY SAVINGS CERTIFICATION CREDIT.**

12 “(a) IN GENERAL.—For purposes of section 38, the
 13 energy savings certification credit determined under this
 14 section for any taxable year is an amount equal to the
 15 sum of—

16 “(1) the qualified training and certification
 17 costs paid or incurred by the taxpayer which may be
 18 taken into account for such taxable year, plus

19 “(2) the qualified certification equipment ex-
 20 penditures paid or incurred by the taxpayer which
 21 may be taken into account for such taxable year.

22 “(b) QUALIFIED TRAINING AND CERTIFICATION
 23 COSTS.—

24 “(1) IN GENERAL.—The term ‘qualified train-
 25 ing and certification costs’ means costs paid or in-

1 curred for training which is required for the tax-
2 payer or employees of the taxpayer to be certified by
3 the Secretary under section 25D(d)(2)(B) or
4 179E(d)(2)(B) for the purpose of certifying energy
5 savings.

6 “(2) LIMITATION.—The qualified training and
7 certification costs taken into account under sub-
8 section (a)(1) for the taxable year with respect to
9 any individual shall not exceed \$500 reduced by the
10 amount of the credit allowed under subsection (a)(1)
11 to the taxpayer (or any predecessor) with respect to
12 such individual for all prior taxable years.

13 “(3) YEAR COSTS TAKEN INTO ACCOUNT.—
14 Qualified training and certifications costs with re-
15 spect to any individual shall not be taken into ac-
16 count under subsection (a)(1) before the taxable
17 year in which the individual with respect to whom
18 such costs are paid or incurred has performed 25
19 certifications under sections 25E(d)(2)(A) and
20 179E(d)(2)(A).

21 “(c) QUALIFIED CERTIFICATION EQUIPMENT EX-
22 PENDITURES.—

23 “(1) IN GENERAL.—The term ‘qualified train-
24 ing equipment expenditures’ means costs paid or in-
25 curred for—

- 1 “(A) blower doors,
2 “(B) duct leakage testing equipment,
3 “(C) flue gas combustion equipment, and
4 “(D) digital manometers.

5 “(2) LIMITATION.—

6 “(A) IN GENERAL.—The qualified certifi-
7 cation equipment expenditures taken into ac-
8 count under subsection (a)(2) with respect to
9 any taxpayer for any taxable year shall not ex-
10 ceed \$1,000.

11 “(B) LIMITATION ON INDIVIDUAL
12 ITEMS.—The qualified certification equipment
13 expenditures taken into account under sub-
14 section (a)(2) shall not exceed—

15 “(i) \$500 with respect to any blower
16 door or duct leakage testing equipment,
17 and

18 “(ii) \$100 with respect to any flue gas
19 combustion equipment or digital manom-
20 eter.

21 “(3) YEAR EXPENDITURES TAKEN INTO AC-
22 COUNT.—The qualified certification equipment ex-
23 penditures of any taxpayer shall not be taken into
24 account under subsection (a)(2) before the taxable
25 year in which the taxpayer has performed 25 certifi-

1 cations under sections 25E(d)(2)(A) and
2 179E(d)(2)(A).

3 “(d) SPECIAL RULES.—

4 “(1) AGGREGATION RULES.—For purposes of
5 this section, all persons treated as a single employer
6 under subsections (a) and (b) of section 52 shall be
7 treated as 1 person.

8 “(2) BASIS REDUCTION.—The basis of any
9 property shall be reduced by the portion of the cost
10 of such property taken into account under sub-
11 section (a).

12 “(3) DENIAL OF DOUBLE BENEFIT.—

13 “(A) IN GENERAL.—No deduction shall be
14 allowed for that portion of the expenses other-
15 wise allowable as a deduction for the taxable
16 year which is equal to the amount taken into
17 account under subsection (a) for such taxable
18 year.

19 “(B) AMOUNT PREVIOUSLY DEDUCTED.—
20 No credit shall be allowed under subsection (a)
21 with respect to any amount for which a deduc-
22 tion has been allowed in any preceding taxable
23 year.”.

24 (b) CREDIT TREATED AS PART OF GENERAL BUSI-
25 NESS CREDIT.—Section 38(b) is amended by striking

1 “and” at the end of paragraph (29), by striking the period
2 at the end of paragraph (30) and inserting “plus”, and
3 by adding at the end the following new paragraph:

4 “(31) the energy savings certification credit de-
5 termined under section 45N(a).”.

6 (c) CONFORMING AMENDMENTS.—

7 (1) Section 1016(a), as amended by this Act, is
8 amended by striking “and” at the end of paragraph
9 (39), by striking the period at the end of paragraph
10 (40) and inserting “and”, and by adding at the end
11 the following new paragraph:

12 “(41) to the extent provided in section
13 45N(d)(2).”.

14 (2) The table of sections for subpart D of part
15 IV of subchapter A of chapter 1 is amended by in-
16 serting after the item relating to section 45M the
17 following new item:

“Sec. 45N. Energy savings certification credit.”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to amounts paid or incurred after
20 the date of the enactment of this Act.

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