

110TH CONGRESS  
1ST SESSION

# S. 590

To amend the Internal Revenue Code of 1986 to extend the investment tax credit with respect to solar energy property and qualified fuel cell property, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 14, 2007

Mr. SMITH (for himself, Mr. SALAZAR, Ms. SNOWE, Mr. MENENDEZ, Mr. LUGAR, Mr. KERRY, Mr. KENNEDY, Mr. ALLARD, Mr. WYDEN, Mr. LIEBERMAN, Mr. LAUTENBERG, Ms. CANTWELL, and Ms. LANDRIEU) 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 extend the investment tax credit with respect to solar energy property and qualified fuel cell property, 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 “Securing America’s  
5 Energy Independence Act of 2007”.

1 **SEC. 2. PROVISIONS RELATING TO THE INVESTMENT TAX**  
2 **CREDIT WITH RESPECT TO SOLAR ENERGY**  
3 **PROPERTY AND QUALIFIED FUEL CELL**  
4 **PROPERTY.**

5 (a) **EXTENSION OF CREDIT FOR SOLAR ENERGY**  
6 **PROPERTY.**—Paragraphs (2)(A)(i)(II) and (3)(A)(ii) of  
7 section 48(a) of the Internal Revenue Code of 1986 are  
8 each amended by striking “January 1, 2009” and insert-  
9 ing “January 1, 2017”.

10 (b) **EXTENSION OF CREDIT FOR ELIGIBLE FUEL**  
11 **CELL PROPERTY.**—Paragraph (1)(E) of section 48(c) of  
12 the Internal Revenue Code of 1986 is amended by striking  
13 “December 31, 2008” and inserting “December 31,  
14 2016”.

15 (c) **ENERGY PROPERTY TO INCLUDE EXCESS EN-**  
16 **ERGY STORAGE DEVICE.**—Clause (i) of section  
17 48(a)(3)(A) of the Internal Revenue Code of 1986 is  
18 amended to read as follows:

19 “(i) equipment which uses solar en-  
20 ergy to generate electricity, to heat or cool  
21 (or provide hot water for use in) a struc-  
22 ture, or to provide solar process heat, or  
23 advanced energy storage systems installed  
24 as an integrated component of the fore-  
25 going, excepting property used to generate

1 energy for purposes of heating a swimming  
2 pool.”.

3 (d) MODIFICATIONS.—

4 (1) SOLAR PHOTOVOLTAIC ENERGY PROPERTY  
5 CREDIT DETERMINED SOLELY BY KILOWATT CAPAC-  
6 ITY.—

7 (A) IN GENERAL.—Subsection (a) of sec-  
8 tion 48 of the Internal Revenue Code of 1986  
9 is amended by redesignating paragraph (4) as  
10 paragraph (5) and by inserting after paragraph  
11 (3) the following new paragraph:

12 “(4) SPECIAL RULE FOR ENERGY CREDIT FOR  
13 SOLAR PHOTOVOLTAIC ENERGY PROPERTY.—

14 “(A) IN GENERAL.—For purposes of sec-  
15 tion 46, the energy credit for any taxable year  
16 for solar photovoltaic energy property described  
17 in paragraph (3)(A)(i) which is used to gen-  
18 erate electricity and which is placed in service  
19 during the taxable year is \$1,500 with respect  
20 to each half kilowatt of direct current of in-  
21 stalled capacity of such property. Paragraph  
22 (2)(A)(ii) shall not apply to property to which  
23 the preceding sentence applies.

24 “(B) APPLICATION OF SPECIAL RULES FOR  
25 REHABILITATED OR SUBSIDIZED PROPERTY.—

1 Rules similar to the rules of paragraphs (2)(B)  
2 and (5) shall apply to property to which this  
3 paragraph applies.”.

4 (B) CONFORMING AMENDMENT.—Sub-  
5 clause (II) of section 48(a)(2)(A)(i) of such  
6 Code is amended by striking “described in  
7 paragraph (3)(A)(i)” and inserting “which is  
8 described in paragraph (3)(A)(i) and to which  
9 paragraph (4) does not apply”.

10 (e) CREDITS ALLOWED AGAINST THE ALTERNATIVE  
11 MINIMUM TAX.—Section 38(c)(4)(B) of the Internal Rev-  
12 enue Code of 1986 is amended by striking “and” at the  
13 end of clause (i), by striking the period at the end of  
14 clause (ii)(II) and inserting “, and”, and by adding at the  
15 end the following new clause:

16 “(iii) the portion of the investment  
17 credit under section 46(2) which is deter-  
18 mined under clauses (i) and (ii) of section  
19 48(a)(2)(A).”.

20 (f) EFFECTIVE DATES.—

21 (1) Except as provided in paragraph (2), the  
22 amendments made by this section shall take effect  
23 on January 1, 2007.

1           (2) The amendments made by subsection (c)  
2           shall apply to property placed in service after De-  
3           cember 31, 2006.

4 **SEC. 3. EXTENSION AND MODIFICATION OF CREDIT FOR**  
5                   **RESIDENTIAL ENERGY EFFICIENT PROP-**  
6                   **ERTY.**

7           (a) EXTENSION.—Subsection (g) of section 25D of  
8           the Internal Revenue Code of 1986 is amended by striking  
9           “December 31, 2008” and inserting “December 31,  
10          2016”.

11          (b) SOLAR ELECTRIC PROPERTY.—Paragraph (1) of  
12          section 25D(a) of the Internal Revenue Code of 1986 is  
13          amended by striking “30 percent of”.

14          (c) MODIFICATION OF MAXIMUM CREDIT.—Para-  
15          graph (1) of section 25D(b) of the Internal Revenue Code  
16          of 1986 is amended to read as follows:

17                 “(1) MAXIMUM CREDIT.—The credit allowed  
18                 under subsection (a) for any taxable year shall not  
19                 exceed—

20                         “(A) \$1,500 with respect to each half kilo-  
21                         watt of direct current of installed capacity of  
22                         qualified solar electric property for which quali-  
23                         fied solar electric property expenditures are  
24                         made,

1           “(B) \$2,000 with respect to any qualified  
2           solar heating and cooling property expenditures,  
3           and

4           “(C) \$500 with respect to each half kilo-  
5           watt of capacity of qualified fuel cell property  
6           (as defined in section 48(c)(1)) for which quali-  
7           fied fuel cell property expenditures are made.”.

8           (d) DEFINITION OF QUALIFIED SOLAR HEATING AND  
9           COOLING PROPERTY EXPENDITURE.—

10           (1) IN GENERAL.—Paragraph (1) of section  
11           25D(d) of the Internal Revenue Code of 1986 is  
12           amended to read as follows:

13           “(2) QUALIFIED SOLAR HEATING AND COOLING  
14           PROPERTY EXPENDITURE.—The term ‘qualified  
15           solar heating and cooling property expenditure’  
16           means an expenditure for property to heat or cool  
17           (or provide hot water for use in) a dwelling unit lo-  
18           cated in the United States and used as a residence  
19           by the taxpayer if at least half of the energy used  
20           by such property for such purpose is derived from  
21           the sun. Such term shall not include an expenditure  
22           which is a qualified solar electric property expendi-  
23           ture.”.

24           (2) CONFORMING AMENDMENTS.—Subsections  
25           (a)(2) and (e)(4)(A)(ii) of section 25D of such Code

1 are each amended by striking “qualified solar water  
 2 heating” and inserting “qualified solar heating and  
 3 cooling”

4 (e) DEFINITION OF QUALIFIED PHOTOVOLTAIC  
 5 PROPERTY EXPENDITURE.—Paragraph (2) of section  
 6 25D(d) of the Internal Revenue Code of 1986 is amended  
 7 by inserting “, including advanced energy storage systems  
 8 installed as an integrated component of the foregoing”  
 9 after “taxpayer”.

10 (f) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-  
 11 IMUM TAX.—

12 (1) IN GENERAL.—Section 25D(b) of the Inter-  
 13 nal Revenue Code of 1986, as amended by sub-  
 14 section (c), is amended by adding at the end the fol-  
 15 lowing new paragraph:

16 “(3) CREDIT ALLOWED AGAINST ALTERNATIVE  
 17 MINIMUM TAX.—The credit allowed under subsection  
 18 (a) for the taxable year shall not exceed the excess  
 19 of—

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

23 “(B) the sum of the credits allowable  
 24 under subpart A of part IV of subchapter A

1 (other than this section) and section 27 for the  
2 taxable year.”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Subsection (c) of section 25D of such  
5 Code is amended to read as follows:

6 “(c) CARRYFORWARD OF UNUSED CREDIT.—If the  
7 credit allowable under subsection (a) for any taxable year  
8 exceeds the limitation imposed by subsection (b)(3) for  
9 such taxable year, such excess shall be carried to the suc-  
10 ceeding taxable year and added to the credit allowable  
11 under subsection (a) for such succeeding taxable year.”.

12 (B) Section 23(b)(4)(B) of such Code is  
13 amended by inserting “and section 25D” after  
14 “this section”.

15 (C) Section 24(b)(3)(B) of such Code is  
16 amended by striking “sections 23 and 25B”  
17 and inserting “sections 23, 25B, and 25D”.

18 (D) Section 26(a)(1) of such Code is  
19 amended by striking “and 25B” and inserting  
20 “25B, and 25D”.

21 (g) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to expenditures made in taxable  
23 years beginning after December 31, 2006.

1 **SEC. 4. 3-YEAR ACCELERATED DEPRECIATION PERIOD FOR**  
2 **SOLAR ENERGY PROPERTY AND FUEL CELL**  
3 **PROPERTY.**

4 (a) **IN GENERAL.**—Subparagraph (A) of section  
5 168(e)(3) of the Internal Revenue Code of 1986 is amend-  
6 ed by striking “and” at the end of clause (ii), by striking  
7 the period at the end of clause (iii) and inserting a comma,  
8 and by inserting after clause (iii) the following new  
9 clauses:

10 “(iv) any property which is described  
11 in clause (i) or (ii) of section 48(a)(3)(A)  
12 (or would be so described if the last sen-  
13 tence of such section did not apply to such  
14 clause), and

15 “(v) any property which is described  
16 in clause (iv) of section 48(a)(3)(A).”.

17 (b) **CONFORMING AMENDMENT.**—Subclause (I) of  
18 section 168(e)(3)(B)(vi) of the Internal Revenue Code of  
19 1986 is amended to read as follows:

20 “(I) would be described in sub-  
21 paragraph (A) of section 48(a)(3) if  
22 ‘wind energy’ were substituted for  
23 ‘solar energy’ in clause (i) thereof and  
24 the last sentence of such section did  
25 not apply to such subparagraph.”.

1           (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to property placed in service after  
3 December 31, 2006.

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