

107TH CONGRESS  
1ST SESSION

# S. 196

To amend the Internal Revenue Code of 1986 to provide a refundable personal credit for energy conservation expenditures, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 29, 2001

Mrs. BOXER 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 personal credit for energy conservation expenditures, 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. TAX CREDIT FOR ENERGY CONSERVATION EX-**  
4       **PENDITURES.**

5       (a) IN GENERAL.—Subpart C of part IV of sub-  
6       chapter A of chapter 1 of the Internal Revenue Code of  
7       1986 (relating to refundable credits) is amended by redes-  
8       ignating section 35 as section 36 and by inserting after  
9       section 34 the following new section:

1 **“SEC. 35. ENERGY CONSERVATION EXPENDITURES.**

2       “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
3 dividual, there shall be allowed as a credit against the tax  
4 imposed by this subtitle for the taxable year an amount  
5 equal to the energy conservation expenditures made by the  
6 taxpayer during such year.

7       “(b) MAXIMUM CREDIT.—The amount of the credit  
8 allowed under subsection (a) with respect to each dwelling  
9 unit for the taxable year shall not exceed \$2,000.

10       “(c) ENERGY CONSERVATION EXPENDITURES.—For  
11 purposes of this section—

12               “(1) IN GENERAL.—The term ‘energy conserva-  
13 tion expenditures’ means expenditures made by the  
14 taxpayer for qualified energy property—

15                       “(A) which is certified to equal or exceed  
16 energy conservation standards for such property  
17 or for the installation of such property as pre-  
18 scribed by the Secretary, in consultation with  
19 the Secretary of Energy, and

20                       “(B) which is installed on or in connection  
21 with a dwelling unit—

22                               “(i) which is located in the United  
23 States, and

24                               “(ii) which is used by the taxpayer as  
25 a residence.

1       Such term includes expenditures for labor costs  
 2       properly allocable to the onsite preparation, assem-  
 3       bly, or installation of the property.

4               “(2) QUALIFIED ENERGY PROPERTY.—

5               “(A) IN GENERAL.—The term ‘qualified  
 6       energy property’ means—

7                       “(i) swimming pool and hot tub cov-  
 8               ers,

9                       “(ii) ceiling insulation,

10                      “(iii) weatherstripping,

11                      “(iv) water heater insulation blankets,

12                      “(v) low-flow showerheads,

13                      “(vi) caulking in ceilings,

14                      “(vii) insulation of plenums and  
 15               ducts,

16                      “(viii) installation of storm windows  
 17               with a U-value of 0.45 or less,

18                      “(ix) thermal doors and windows,

19                      “(x) duty cyclers,

20                      “(xi) clock thermostats,

21                      “(xii) evaporative coolers,

22                      “(xiii) whole house fans,

23                      “(xiv) external shading devices,

24                      “(xv) thermal energy storage devices  
 25               with central control systems,

1                   “(xvi) controls and automatic switch-  
 2                   ing devices between natural and electric  
 3                   lighting, or

4                   “(xvii) any other property that the  
 5                   Secretary of Energy determines to be an  
 6                   effective device for the conservation of en-  
 7                   ergy.

8           “(d) CERTIFICATION.—

9                   “(1) PRODUCTS.—A certification with respect  
 10                  to a qualified energy property shall be made by the  
 11                  manufacturer of such property.

12                  “(2) INSTALLATION.—A certification with re-  
 13                  spect to the installation of a qualified energy prop-  
 14                  erty shall be made by the person who sold or in-  
 15                  stalled the property.

16                  “(3) FORM OF CERTIFICATIONS.—Certifications  
 17                  referred to in this subsection shall be in such form  
 18                  as the Secretary shall prescribe, and, except in the  
 19                  case of a certification by a representative of a local  
 20                  building regulatory authority, shall include the tax-  
 21                  payer identification number of the person making  
 22                  the certification.

23           “(e) SPECIAL RULES.—For purposes of this  
 24           section—

1           “(1) DOLLAR AMOUNTS IN CASE OF JOINT OC-  
 2           CUPANCY.—In the case of any dwelling unit which if  
 3           jointly occupied and used during any calendar year  
 4           as a residence by 2 or more individuals the following  
 5           shall apply:

6                   “(A) The amount of the credit allowable  
 7                   under subsection (a) by reason of expenditures  
 8                   (as the case may be) made during such cal-  
 9                   endar year by any of such individuals with re-  
 10                  spect to such dwelling unit shall be determined  
 11                  by treating all of such individuals as 1 taxpayer  
 12                  whose taxable year is such calendar year.

13                   “(B) There shall be allowable with respect  
 14                  to such expenditures to each of such individ-  
 15                  uals, a credit under subsection (a) for the tax-  
 16                  able year in which such calendar year ends in  
 17                  an amount which bears the same ratio to the  
 18                  amount determined under subparagraph (A) as  
 19                  the amount of such expenditures made by such  
 20                  individual during such calendar year bears to  
 21                  the aggregate of such expenditures made by all  
 22                  of such individuals during such calendar year.

23           “(2) TENANT-STOCKHOLDER IN COOPERATIVE  
 24           HOUSING CORPORATION.—In the case of an indi-  
 25           vidual who is a tenant-stockholder (as defined in sec-

tion 216) in a cooperative housing corporation (as defined in such section), such individual shall be treated as having made his tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any expenditures of such corporation.

“(3) CONDOMINIUMS.—

“(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which he owns, such individual shall be treated as having made his proportionate share of any expenditures of such association.

“(B) CONDOMINIUM MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term ‘condominium management association’ means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

“(4) JOINT OWNERSHIP OF ENERGY ITEMS.—

“(A) IN GENERAL.—Any expenditure otherwise qualifying as a energy conservation expenditure shall not be treated as failing to so

1           qualify merely because such expenditure was  
2           made with respect to 2 or more dwelling units.

3           “(B) LIMITS APPLIED SEPARATELY.—In  
4           the case of any expenditure described in sub-  
5           paragraph (A), the amount of the credit allow-  
6           able under subsection (a) shall (subject to para-  
7           graph (1)) be computed separately with respect  
8           to the amount of the expenditure made for each  
9           dwelling unit.

10          “(5) ALLOCATION IN CERTAIN CASES.—If less  
11          than 80 percent of the use of an item is for nonbusi-  
12          ness residential purposes, only that portion of the  
13          expenditures for such item which is properly allo-  
14          cable to use for nonbusiness residential purposes  
15          shall be taken into account.

16          “(6) WHEN EXPENDITURE MADE; AMOUNT OF  
17          EXPENDITURE.—

18                 “(A) IN GENERAL.—Except as provided in  
19                 subparagraph (B), an expenditure with respect  
20                 to an item shall be treated as made when the  
21                 original installation of the item is completed.

22                 “(B) EXPENDITURES PART OF BUILDING  
23                 CONSTRUCTION.—In the case of an expenditure  
24                 in connection with the construction or recon-  
25                 struction of a structure, such expenditure shall

1           be treated as made when the original use of the  
 2           constructed or reconstructed structure by the  
 3           taxpayer begins.

4           “(C) AMOUNT.—The amount of any ex-  
 5           penditure shall be the cost thereof.

6           “(7) OTHER APPLICABLE RULES.—Rules simi-  
 7           lar to the rules of paragraphs (4) and (5) of section  
 8           48(a) shall apply for purposes of this section.

9           “(f) BASIS ADJUSTMENTS.—For purposes of this  
 10          subtitle, if a credit is allowed under this section for any  
 11          expenditure with respect to any property, the increase in  
 12          the basis of such property which would (but for this sub-  
 13          section) result from such expenditure shall be reduced by  
 14          the amount of the credit so allowed.

15          “(g) DENIAL OF DOUBLE BENEFIT.—No deduction  
 16          or other credit shall be allowed under this chapter for any  
 17          expenditure for which credit is allowed under this section.

18          “(h) ELECTION TO HAVE CREDIT NOT APPLY.—A  
 19          taxpayer may elect to have this section not apply for any  
 20          taxable year.

21          “(i) APPLICATION OF SECTION.—This section shall  
 22          apply to expenditures with respect to property placed in  
 23          service after December 31, 2000.”.

24          (b) 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 35 of such Code”.

5           (2) The table of sections for subpart C of part  
 6       IV of subchapter A of chapter 1 of the Internal Rev-  
 7       enue Code of 1986 is amended by striking the item  
 8       relating to section 35 and inserting the following  
 9       new items:

                  “Sec. 35. Energy conservation expenditures.  
                   “Sec. 36. Overpayments of tax.”.

10       (c) EFFECTIVE DATE.—The amendments made by  
 11       this section shall apply to taxable years ending after De-  
 12       cember 31, 2000.

13       **SEC. 2. FINANCIAL ASSISTANCE TO RETROFIT SCHOOLS TO**  
 14                       **INCREASE ENERGY EFFICIENCY AND CON-**  
 15                       **SERVATION.**

16       (a) IN GENERAL.—The Secretary of Energy shall es-  
 17       tablish a program to be known as the “Elementary and  
 18       Secondary School Energy Efficiency and Conservation  
 19       Program”.

20       (b) GRANTS.— In carrying out this section, the Sec-  
 21       retary shall provide grants to local educational agencies  
 22       to retrofit elementary and secondary schools to increase  
 23       energy efficiency and conservation.

1       (c) ELIGIBILITY.—To be eligible to receive a grant  
2 under this section, a local educational agency shall submit  
3 to the Secretary an application at such time, in such man-  
4 ner, and containing such information as the Secretary may  
5 require.

6       (d) USE OF FUNDS.—Amounts provided to a local  
7 educational agency under a grant under this section shall  
8 be used to pay the costs of—

9           (1)(A) energy-efficient heating, ventilation, and  
10       air conditioning; and

11           (B) other equipment that would increase the  
12       energy efficiency of a school; and

13           (2) insulation and other materials and equip-  
14       ment that would decrease the amount of energy re-  
15       quired to operate a school.

16       (e) PRIORITY.—In awarding grants under this sec-  
17 tion, the Secretary shall give priority to projects to retrofit  
18 elementary and secondary schools in low-income school  
19 districts.

20       (f) COST SHARING.—

21           (1) IN GENERAL.—Except as provided in para-  
22       graph (2), the Federal share of the cost of a project  
23       funded with a grant under this section shall be not  
24       more than 50 percent.

1           (2) FINANCIAL HARDSHIP.—In a case of finan-  
 2           cial hardship, the Secretary may provide a grant in  
 3           an amount exceeding 50 percent of the cost of the  
 4           project.

5           (g) AUTHORIZATION OF APPROPRIATIONS.—There is  
 6           authorized to be appropriated to carry out this section  
 7           \$20,000,000 for each of fiscal years 2002 through 2006.

8   **SEC. 3. ELECTRIC UTILITY DISCLOSURE OF PEAK HOUR**  
 9                           **AND NONPEAK HOUR ELECTRIC ENERGY USE**  
 10                          **BY CONSUMERS.**

11          Each electric utility that sells electric energy at retail  
 12          shall—

13               (1) disclose in each billing statement—

14                       (A) the amount of electric energy used by  
 15                       the consumer during peak hours (as defined by  
 16                       the electric utility) and nonpeak hours during  
 17                       the billing period; and

18                       (B) the rate charged during peak hours  
 19                       and nonpeak hours during the billing period;  
 20                       and

21               (2) from time to time provide consumers infor-  
 22               mation concerning ways of reducing electric energy  
 23               consumption during peak hours.

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