

106TH CONGRESS
2D SESSION

H. R. 4043

To permit the drawdown of the Strategic Petroleum Reserve when oil and gas prices in the United States rise sharply because of anticompetitive activity, to provide credits against income tax for certain energy efficiency improvements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 2000

Mr. BALDACCI (for himself, Mr. ABERCROMBIE, Mr. ALLEN, Mr. BORSKI, Mr. BRADY of Pennsylvania, Mr. CAPUANO, Mr. CROWLEY, Mr. DEFazio, Ms. DELAURO, Mr. DELAHUNT, Mr. DOYLE, Mr. FATTAH, Mr. FORBES, Mr. GEJDENSON, Mr. HINCHEY, Mr. HOLDEN, Ms. KAPTUR, Mrs. LOWEY, Mr. MASCARA, Mr. MCGOVERN, Mr. MORAN of Virginia, Mr. MURTHA, Mr. PASCARELL, and Mr. SANDERS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on 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

A BILL

To permit the drawdown of the Strategic Petroleum Reserve when oil and gas prices in the United States rise sharply because of anticompetitive activity, to provide credits against income tax for certain energy efficiency improvements, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Fuel Energy Afford-
3 ability and Conservation Act”.

4 **TITLE I—DRAWDOWN OF STRA-
5 TEGIC PETROLEUM RESERVE**

6 **SEC. 101. FINDINGS.**

7 Congress finds that—

8 (1) a sharp, sustained increase in the price of
9 crude oil would negatively affect the overall economic
10 well-being of the United States;

11 (2) the United States currently imports roughly
12 55 percent of its oil;

13 (3) the oil market is often greatly influenced by
14 nonmarket-based supply manipulations, including
15 price fixing and production quotas; and

16 (4) heating oil price increases disproportionately
17 harm the poor and the elderly.

18 **SEC. 102. DRAWDOWN OF STRATEGIC PETROLEUM RE-
19 SERVE.**

20 Section 161(d) of the Energy Policy and Conserva-
21 tion Act (42 U.S.C. 6241(d)) is amended by adding at
22 the end the following:

23 “(3) REDUCTION IN SUPPLY CAUSED BY ANTI-
24 COMPETITIVE CONDUCT.—

25 “(A) IN GENERAL.—For the purposes of
26 this section, in addition to the circumstances

1 set forth in section 3(8) and in paragraph (2)
2 of this subsection, a severe energy supply inter-
3 ruption shall be deemed to exist if the President
4 determines that—

5 “(i) there is a significant reduction in
6 supply that—

7 “(I) is of significant scope and
8 duration; and

9 “(II) has caused a significant in-
10 crease in the price of petroleum prod-
11 ucts;

12 “(ii) the increase in price is likely to
13 cause a significant adverse impact on re-
14 gional economies; and

15 “(iii) a substantial cause of the reduc-
16 tion in supply is either—

17 “(I) the anticompetitive conduct
18 of 1 or more foreign countries or
19 international entities; or

20 “(II) a reduction in refinery utili-
21 zation, as reported by the Energy In-
22 formation Administration.

23 “(B) DEPOSIT AND USE OF PROCEEDS.—

24 Proceeds from the sale of petroleum drawn

1 down pursuant to a Presidential determination
2 under subparagraph (A) shall—

3 “(i) be deposited in the SPR Petro-
4 leum Account; and

5 “(ii) be used only for the purposes
6 specified in section 167.

7 “(C) REPLACEMENT ARRANGEMENTS.—
8 When the Secretary executes a drawdown pur-
9 suant to a Presidential determination under
10 subparagraph (A), the Secretary may enter into
11 an arrangement that provides for the replace-
12 ment of the petroleum products withdrawn from
13 the Strategic Petroleum Reserve.”.

14 **SEC. 103. REPORTING AND CONSULTATION REQUIRE-**
15 **MENTS.**

16 If the price of a barrel of crude oil exceeds \$25 (in
17 constant 1999 United States dollars) for a period greater
18 than 14 days, the President, through the Secretary of En-
19 ergy, shall, not later than 30 days after the end of the
20 14-day period, submit to the Committee on Energy and
21 Natural Resources of the Senate and the Committee on
22 Commerce of the House of Representatives a report
23 that—

1 (1) states the results of a comprehensive review
2 of the causes and potential consequences of the price
3 increase;

4 (2) provides an estimate of the likely duration
5 of the price increase, based on analyses and fore-
6 casts of the Energy Information Administration;

7 (3) provides an analysis of the effects of the
8 price increase on the cost of home heating oil; and

9 (4) states whether, and provides a specific ra-
10 tionale for why, the President does or does not sup-
11 port the drawdown and distribution of a specified
12 amount of oil from the Strategic Petroleum Reserve.

13 **TITLE II—CREDITS FOR ENERGY**
14 **EFFICIENCY IMPROVEMENTS**
15 **BY HOMEOWNERS AND SMALL**
16 **BUSINESSES**

17 **SEC. 201. CREDIT FOR ENERGY EFFICIENCY IMPROVE-**
18 **MENTS TO EXISTING HOMES.**

19 (a) IN GENERAL.—Subpart A of part IV of sub-
20 chapter A of chapter 1 of the Internal Revenue Code of
21 1986 (relating to nonrefundable personal credits) is
22 amended by inserting after section 25A the following new
23 section:

1 **“SEC. 25B. ENERGY EFFICIENCY IMPROVEMENTS TO EXIST-**
2 **ING HOMES.**

3 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
4 dividual, there shall be allowed as a credit against the tax
5 imposed by this chapter for the taxable year an amount
6 equal to 20 percent of the amount paid or incurred by
7 the taxpayer for qualified energy efficiency improvements
8 installed during such taxable year.

9 “(b) LIMITATIONS.—

10 “(1) MAXIMUM CREDIT.—The credit allowed by
11 this section with respect to a dwelling shall not ex-
12 ceed \$2,000.

13 “(2) PRIOR CREDIT AMOUNTS FOR TAXPAYER
14 ON SAME DWELLING TAKEN INTO ACCOUNT.—If a
15 credit was allowed to the taxpayer under subsection
16 (a) with respect to a dwelling in 1 or more prior tax-
17 able years, the amount of the credit otherwise allow-
18 able for the taxable year with respect to that dwell-
19 ing shall not exceed the amount of \$2,000 reduced
20 by the sum of the credits allowed under subsection
21 (a) to the taxpayer with respect to the dwelling for
22 all prior taxable years.

23 “(c) CARRYFORWARD OF UNUSED CREDIT.—If the
24 credit allowable under subsection (a) exceeds the limita-
25 tion imposed by section 26(a) for such taxable year re-
26 duced by the sum of the credits allowable under subpart

1 A of part IV of subchapter A (other than this section),
2 such excess shall be carried to the succeeding taxable year
3 and added to the credit allowable under subsection (a) for
4 such taxable year.

5 “(d) QUALIFIED ENERGY EFFICIENCY IMPROVE-
6 MENTS.—For purposes of this section, the term ‘qualified
7 energy efficiency improvements’ means any energy effi-
8 cient building envelope component, and any energy effi-
9 cient heating, cooling, or water heating appliance, the in-
10 stallation of which, by itself or in combination with other
11 such components or appliances, is certified to improve the
12 annual energy performance of the existing home by at
13 least 30 percent, if—

14 “(1) such component or appliance is installed in
15 or on a dwelling—

16 “(A) located in the United States, and

17 “(B) owned and used by the taxpayer as
18 the taxpayer’s principal residence (within the
19 meaning of section 121),

20 “(2) the original use of such component or ap-
21 pliance commences with the taxpayer, and

22 “(3) such component or appliance reasonably
23 can be expected to remain in use for at least 5
24 years.

1 Such certification shall be made by the contractor who in-
2 stalled such improvements, a local building regulatory au-
3 thority, or a qualified energy consultant (such as a utility
4 or an accredited home energy rating system provider).

5 “(e) SPECIAL RULES.—

6 “(1) TENANT-STOCKHOLDER IN COOPERATIVE
7 HOUSING CORPORATION.—In the case of an indi-
8 vidual who is a tenant-stockholder (as defined in sec-
9 tion 216) in a cooperative housing corporation (as
10 defined in such section), such individual shall be
11 treated as having paid his tenant-stockholder’s pro-
12 portionate share (as defined in section 216(b)(3)) of
13 the cost of qualified energy efficiency improvements
14 made by such corporation.

15 “(2) CONDOMINIUMS.—

16 “(A) IN GENERAL.—In the case of an indi-
17 vidual who is a member of a condominium man-
18 agement association with respect to a condo-
19 minium which he owns, such individual shall be
20 treated as having paid his proportionate share
21 of the cost of qualified energy efficiency im-
22 provements made by such association.

23 “(B) CONDOMINIUM MANAGEMENT ASSO-
24 CIATION.—For purposes of this paragraph, the
25 term ‘condominium management association’

1 means an organization which meets the require-
2 ments of paragraph (1) of section 528(c) (other
3 than subparagraph (E) thereof) with respect to
4 a condominium project substantially all of the
5 units of which are used as residences.

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

12 “(g) APPLICATION OF SECTION.—Subsection (a)
13 shall apply to qualified energy efficiency improvements in-
14 stalled during the period beginning on January 1, 2000,
15 and ending on December 31, 2004.”.

16 (b) CONFORMING AMENDMENTS.—

17 (1) Subsection (c) of section 23 of such Code
18 is amended by striking “and section 1400C” and in-
19 serting “and sections 25B and 1400C”.

20 (2) Subparagraph (C) of section 25(e)(1) of
21 such Code is amended by striking “and 1400C” and
22 inserting “, 25B, and 1400C”.

23 (3) Subsection (d) of section 1400C of such
24 Code is amended by inserting “and section 25B”
25 after “other than this section”.

1 (4) Subsection (a) of section 1016 of such Code
2 is amended by striking “and” at the end of para-
3 graph (26), by striking the period at the end of
4 paragraph (27) and inserting “; and”, and by add-
5 ing at the end the following new paragraph:

6 “(28) to the extent provided in section 25B(f),
7 in the case of amounts with respect to which a credit
8 has been allowed under section 25B.”.

9 (5) The table of sections for subpart A of part
10 IV of subchapter A of chapter 1 of such Code is
11 amended by inserting after the item relating to sec-
12 tion 25A the following new item:

 “Sec. 25B. Energy efficiency improvements to existing homes.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years ending after
15 December 31, 1999.

16 **SEC. 202. CREDIT FOR ENERGY EFFICIENCY IMPROVE-**
17 **MENTS BY SMALL BUSINESSES.**

18 (a) IN GENERAL.—Subpart D of part IV of sub-
19 chapter A of chapter 1 of the Internal Revenue Code of
20 1986 (relating to business related credits) is amended by
21 inserting after section 45C the following new section:

22 **“SEC. 45D. ENERGY EFFICIENCY IMPROVEMENTS BY SMALL**
23 **BUSINESSES.**

24 “(a) IN GENERAL.—For purposes of section 38, in
25 the case of an eligible small business, the energy efficiency

1 improvement credit determined under this section for the
2 taxable year is an amount equal to 20 percent of the basis
3 of each qualified energy efficiency improvements placed in
4 service during such taxable year.

5 “(b) LIMITATIONS.—

6 “(1) MAXIMUM CREDIT.—The credit allowed by
7 this section for the taxable year shall not exceed
8 \$2,000.

9 “(2) COORDINATION WITH REHABILITATION
10 AND ENERGY CREDITS.—For purposes of this
11 section—

12 “(A) the basis of any property referred to
13 in subsection (a) shall be reduced by that por-
14 tion of the basis of any property which is attrib-
15 utable to qualified rehabilitation expenditures
16 (as defined in section 47(c)(2)) or to the energy
17 percentage of energy property (as determined
18 under section 48(a)), and

19 “(B) expenditures taken into account
20 under either section 47 or 48(a) shall not be
21 taken into account under this section.

22 “(c) DEFINITIONS.—For purposes of this section—

23 “(1) ELIGIBLE SMALL BUSINESS.—The term
24 ‘eligible small business’ means any person engaged
25 in a trade or business if the average annual gross

1 receipts of such person (or any predecessor) for the
2 3-taxable-year period ending with such prior taxable
3 year does not exceed \$10,000,000. Rules similar to
4 the rules of paragraphs (2) and (3) of section 448(c)
5 shall apply for purposes of the preceding sentence.

6 “(2) QUALIFIED ENERGY EFFICIENCY IM-
7 PROVEMENTS.—The term ‘qualified energy efficiency
8 improvements’ means any energy efficient property
9 the installation of which, by itself or in combination
10 with other such property, is certified to improve the
11 annual energy performance of the structure to which
12 it relates by at least 30 percent, if—

13 “(A) such property is installed in or on a
14 structure located in the United States,

15 “(B)(i) the construction, reconstruction, or
16 erection of such property is completed by the
17 taxpayer, or

18 “(ii) such property which is acquired by
19 the taxpayer if the original use of such property
20 commences with the taxpayer,

21 “(C) depreciation (or amortization in lieu
22 of depreciation) is allowable with respect to
23 such property, and

24 “(D) such property reasonably can be ex-
25 pected to remain in use for at least 5 years.

1 Such certification shall be made by the contractor
2 who installed such property, a local building regu-
3 latory authority, or a qualified energy consultant
4 (such as a utility or an accredited energy rating sys-
5 tem provider).

6 “(3) ENERGY EFFICIENT PROPERTY.—The
7 term ‘energy efficient property’ means—

8 “(A) any energy efficient building envelope
9 component, and

10 “(B) any energy efficient heating, cooling,
11 or water heating appliance.

12 “(d) APPLICATION OF SECTION.—Subsection (a)
13 shall apply to property placed in service during the period
14 beginning on January 1, 2000, and ending on December
15 31, 2004.”.

16 (b) CREDIT MADE PART OF GENERAL BUSINESS
17 CREDIT.—Subsection (b) of section 38 of such Code (re-
18 lating to current year business credit) is amended by strik-
19 ing “plus” at the end of paragraph (11), by striking the
20 period at the end of paragraph (12) and inserting “, plus”,
21 and by adding at the end thereof the following new para-
22 graph:

23 “(13) in the case of an eligible small business
24 (as defined in section 45D(c)), the energy efficiency
25 improvement credit determined under section 45D.”.

1 (c) CREDIT ALLOWED AGAINST REGULAR AND MIN-
2 IMUM TAX.—

3 (1) IN GENERAL.—Subsection (c) of section 38
4 of such Code (relating to limitation based on amount
5 of tax) is amended by redesignating paragraph (3)
6 as paragraph (4) and by inserting after paragraph
7 (2) the following new paragraph:

8 “(3) SPECIAL RULES FOR SMALL BUSINESS EN-
9 ERGY EFFICIENCY IMPROVEMENT CREDIT.—

10 “(A) IN GENERAL.—In the case of the en-
11 ergy efficiency improvement credit—

12 “(i) this section and section 39 shall
13 be applied separately with respect to the
14 credit, and

15 “(ii) in applying paragraph (1) to the
16 credit—

17 “(I) subparagraph (A) thereof
18 shall not apply, and

19 “(II) the limitation under para-
20 graph (1) (as modified by subclause
21 (I)) shall be reduced by the credit al-
22 lowed under subsection (a) for the
23 taxable year (other than the energy
24 efficiency improvement credit).

1 “(B) ENERGY EFFICIENCY IMPROVEMENT
2 CREDIT.—For purposes of this subsection, the
3 term ‘energy efficiency improvement credit’
4 means the credit allowable under subsection (a)
5 by reason of section 45D.”.

6 (2) CONFORMING AMENDMENT.—Subclause (II)
7 of section 38(c)(2)(A)(ii) of such Code is amended
8 by inserting “or the energy efficiency improvement
9 credit” after “employment credit”.

10 (d) LIMITATION ON CARRYBACK.—Subsection (d) of
11 section 39 of such Code is amended by adding at the end
12 the following new paragraph:

13 “(9) NO CARRYBACK OF ENERGY EFFICIENCY
14 IMPROVEMENT CREDIT BEFORE EFFECTIVE DATE.—
15 No portion of the unused business credit for any
16 taxable year which is attributable to the credit deter-
17 mined under section 45D may be carried back to
18 any taxable year ending before the date of the enact-
19 ment of section 45D.”.

20 (e) DEDUCTION FOR CERTAIN UNUSED BUSINESS
21 CREDITS.—Subsection (c) of section 196 of such Code is
22 amended by striking “and” at the end of paragraph (7),
23 by striking the period at the end of paragraph (8) and
24 inserting “, and”, and by adding after paragraph (8) the
25 following new paragraph:

1 “(9) the energy efficiency improvement credit
2 determined under section 45D.”.

3 (f) CLERICAL AMENDMENT.—The table of sections
4 for subpart D of part IV of subchapter A of chapter 1
5 of such Code is amended by inserting after the item relat-
6 ing to section 45C the following new item:

 “Sec. 45D. Energy efficiency improvements by small businesses.”.

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

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