

107TH CONGRESS  
1ST SESSION

# S. 1810

To amend the Internal Revenue Code of 1986 to provide credits for individuals and businesses for the installation of certain wind energy property.

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## IN THE SENATE OF THE UNITED STATES

DECEMBER 12, 2001

Mr. DURBIN 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 credits for individuals and businesses for the installation of certain wind energy property.

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 “Home and Farm Wind  
5       Energy Systems Act of 2001”.

6       **SEC. 2. CREDIT FOR WIND ENERGY PROPERTY INSTALLED**  
7               **IN RESIDENCES AND BUSINESSES.**

8       (a) IN GENERAL.—Subpart B of part IV of sub-  
9       chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 30A the fol-  
 2 lowing new section:

3 **“SEC. 30B. WIND ENERGY PROPERTY.**

4       “(a) ALLOWANCE OF CREDIT.—There shall be al-  
 5 lowed as a credit against the tax imposed by this chapter  
 6 for the taxable year an amount equal to 30 percent (10  
 7 percent after December 31, 2011) of the amount paid or  
 8 incurred by the taxpayer for qualified wind energy prop-  
 9 erty placed in service or installed during such taxable year.

10       “(b) LIMITATION.—No credit shall be allowed under  
 11 subsection (a) unless at least 50 percent of the energy pro-  
 12 duced annually by the qualified wind energy property is  
 13 consumed on the site on which the property is placed in  
 14 service or installed.

15       “(c) QUALIFIED WIND ENERGY PROPERTY.—For  
 16 purposes of this section, the term ‘qualified wind energy  
 17 property’ means a qualifying wind turbine if—

18               “(1) in the case of an individual, the property  
 19 is installed on or in connection with a dwelling unit  
 20 which is located in the United States and which is  
 21 owned and used as the taxpayer’s principal resi-  
 22 dence,

23               “(2) the original use of which commences with  
 24 the taxpayer, and

1           “(3) the property carries at least a 5-year lim-  
2           ited warranty covering defects in design, material, or  
3           workmanship, and, for property that is not installed  
4           by the taxpayer, at least a 5-year limited warranty  
5           covering defects in installation.

6           “(d) OTHER DEFINITIONS.—For purposes of this  
7           section—

8           “(1) QUALIFYING WIND TURBINE.—The term  
9           ‘qualifying wind turbine’ means a wind turbine of 75  
10          kilowatts of rated capacity or less which meets the  
11          latest performance rating standards published by the  
12          American Wind Energy Association or the Inter-  
13          national Electrotechnical Commission and which is  
14          used to generate electricity.

15          “(2) PRINCIPAL RESIDENCE.—The term ‘prin-  
16          cipal residence’ shall have the same meaning as  
17          when used in section 121.

18          “(e) LIMITATION BASED ON AMOUNT OF TAX.—

19                 “(1) IN GENERAL.—The credit allowed under  
20                 subsection (a) for any taxable year shall not exceed  
21                 the excess of—

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

1           “(B) the sum of the credits allowable  
 2           under this part (other than under this section  
 3           and subpart C thereof, relating to refundable  
 4           credits) and section 1397E.

5           “(2) CARRYOVER OF UNUSED CREDIT.—If the  
 6           credit allowable under subsection (a) exceeds the  
 7           limitation imposed by paragraph (1) for such taxable  
 8           year, such excess shall be carried to the succeeding  
 9           taxable year and added to the credit allowable under  
 10          subsection (a) for such taxable year.

11          “(f) SPECIAL RULES.—For purposes of this  
 12          section—

13           “(1) TENANT-STOCKHOLDER IN COOPERATIVE  
 14           HOUSING CORPORATION.—In the case of an indi-  
 15           vidual who is a tenant-stockholder (as defined in sec-  
 16           tion 216(b)(2)) in a cooperative housing corporation  
 17           (as defined in section 216(b)(1)), such individual  
 18           shall be treated as having paid his tenant-stock-  
 19           holder’s proportionate share (as defined in section  
 20           216(b)(3)) of any expenditures paid or incurred for  
 21           qualified wind energy property by such corporation,  
 22           and such credit shall be allocated appropriately to  
 23           such individual.

24           “(2) CONDOMINIUMS.—

1           “(A) IN GENERAL.—In the case of an indi-  
 2           vidual who is a member of a condominium man-  
 3           agement association with respect to a condo-  
 4           minium which he owns, such individual shall be  
 5           treated as having paid his proportionate share  
 6           of expenditures paid or incurred for qualified  
 7           wind energy property by such association, and  
 8           such credit shall be allocated appropriately to  
 9           such individual.

10           “(B) CONDOMINIUM MANAGEMENT ASSO-  
 11           CIATION.—For purposes of this paragraph, the  
 12           term ‘condominium management association’  
 13           means an organization which meets the require-  
 14           ments of section 528(c)(2) with respect to a  
 15           condominium project of which substantially all  
 16           of the units are used by individuals as resi-  
 17           dences.

18           “(g) BASIS ADJUSTMENT.—For purposes of this sub-  
 19           title, if a credit is allowed under this section for any ex-  
 20           penditure with respect to a residence or other property,  
 21           the basis of such residence or other property shall be re-  
 22           duced by the amount of the credit so allowed.

23           “(h) APPLICATION OF CREDIT.—The credit allowed  
 24           under this section shall apply to property placed in service  
 25           or installed after December 31, 2001.”.

1 (b) CONFORMING AMENDMENT.—Subsection (a) of  
 2 section 1016 of such Code (relating to general rule for  
 3 adjustments to basis) is amended by striking “and” at the  
 4 end of paragraph (27), by striking the period at the end  
 5 of paragraph (28) and inserting “, and”, and by adding  
 6 at the end the following new paragraph:

7 “(29) in the case of a residence or other prop-  
 8 erty with respect to which a credit was allowed  
 9 under section 30B, to the extent provided in section  
 10 30B(g).”.

11 (c) CLERICAL AMENDMENT.—The table of sections  
 12 for subpart B of part IV of subchapter A of chapter 1  
 13 of such Code is amended by inserting after the item relat-  
 14 ing to section 30A the following new item:

“Sec. 30B. Wind energy property.”.

15 (d) EFFECTIVE DATE.—The amendments made by  
 16 this section shall apply to property placed in service or  
 17 installed after December 31, 2001, in taxable years ending  
 18 after such date.

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