

109TH CONGRESS
1ST SESSION

H. R. 1212

To amend the Internal Revenue Code of 1986 to provide tax credits for making energy efficiency improvements to existing homes and for constructing new energy efficient homes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 2005

Mr. WELLER (for himself and Mr. CARDIN) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide tax credits for making energy efficiency improvements to existing homes and for constructing new energy efficient homes.

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 (a) SHORT TITLE.—This Act may be cited as the
5 “Save America’s Valuable Energy Resources Act of
6 2005”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment
 2 to, or repeal of, a section or other provision, the reference
 3 shall be considered to be made to a section or other provi-
 4 sion of the Internal Revenue Code of 1986.

5 **SEC. 2. CREDIT FOR ENERGY EFFICIENCY IMPROVEMENTS**
 6 **TO EXISTING HOMES.**

7 (a) IN GENERAL.—Subpart A of part IV of sub-
 8 chapter A of chapter 1 (relating to nonrefundable personal
 9 credits) is amended by inserting after section 25B the fol-
 10 lowing new section:

11 **“SEC. 25C. ENERGY EFFICIENCY IMPROVEMENTS TO EXIST-**
 12 **ING HOMES.**

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

19 “(b) LIMITATIONS.—

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

23 “(2) PRIOR CREDIT AMOUNTS FOR TAXPAYER
 24 ON SAME DWELLING TAKEN INTO ACCOUNT.—If a
 25 credit was allowed to the taxpayer under subsection

1 (a) with respect to a dwelling in 1 or more prior tax-
 2 able years, the amount of the credit otherwise allow-
 3 able for the taxable year with respect to that dwell-
 4 ing shall not exceed the amount of \$2,000 reduced
 5 by the sum of the credits allowed under subsection
 6 (a) to the taxpayer with respect to the dwelling for
 7 all prior taxable years.

8 “(3) LIMITATION BASED ON AMOUNT OF
 9 TAX.—The credit allowed under subsection (a) for
 10 the taxable year shall not exceed the excess of—

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

14 “(B) the sum of the credits allowable
 15 under this subpart (other than this section and
 16 section 23) and section 27 for the taxable year.

17 “(c) CARRYFORWARD OF UNUSED CREDIT.—If the
 18 credit allowable under subsection (a) exceeds the limita-
 19 tion imposed by subsection (b)(3) for such taxable year,
 20 such excess shall be carried to the succeeding taxable year
 21 and added to the credit allowable under subsection (a) for
 22 such succeeding taxable year.

23 “(d) QUALIFIED ENERGY EFFICIENCY IMPROVE-
 24 MENTS.—For purposes of this section, the term ‘qualified
 25 energy efficiency improvements’ means any energy effi-

1 cient building envelope component which meets the pre-
2 scriptive criteria for such component established by the
3 1998 International Energy Conservation Code, if—

4 “(1) such component is installed in or on a
5 dwelling—

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

7 “(B) owned and used by the taxpayer as
8 the taxpayer’s principal residence (within the
9 meaning of section 121),

10 “(2) the original use of such component com-
11 mences with the taxpayer, and

12 “(3) such component reasonably can be ex-
13 pected to remain in use for at least 5 years.

14 If the aggregate cost of such components with respect to
15 any dwelling exceeds \$1,000, such components shall be
16 treated as qualified energy efficiency improvements only
17 if such components are also certified in accordance with
18 subsection (e) as meeting such criteria.

19 “(e) CERTIFICATION.—The certification described in
20 subsection (d) shall be—

21 “(1) determined on the basis of the technical
22 specifications or applicable ratings (including prod-
23 uct labeling requirements) for the measurement of
24 energy efficiency, based upon energy use or building

1 envelope component performance, for the energy effi-
2 cient building envelope component,

3 “(2) provided by a local building regulatory au-
4 thority, a utility, a manufactured home production
5 inspection primary inspection agency (IPLA), or an
6 accredited home energy rating system provider who
7 is accredited by or otherwise authorized to use ap-
8 proved energy performance measurement methods by
9 the Mortgage Industry’s Home Energy Rating Sys-
10 tem (as maintained by National Association of State
11 Energy Officials and the Residential Energy Serv-
12 ices Network), and

13 “(3) made in writing in a manner that specifies
14 in readily verifiable fashion the energy efficient
15 building envelope components installed and their re-
16 spective energy efficiency levels.

17 “(f) DEFINITIONS AND SPECIAL RULES.—

18 “(1) TENANT-STOCKHOLDER IN COOPERATIVE
19 HOUSING CORPORATION.—In the case of an indi-
20 vidual who is a tenant-stockholder (as defined in sec-
21 tion 216) in a cooperative housing corporation (as
22 defined in such section), such individual shall be
23 treated as having paid his tenant-stockholder’s pro-
24 portionate share (as defined in section 216(b)(3)) of

1 the cost of qualified energy efficiency improvements
2 made by such corporation.

3 “(2) CONDOMINIUMS.—

4 “(A) IN GENERAL.—In the case of an indi-
5 vidual who is a member of a condominium man-
6 agement association with respect to a condo-
7 minium which he owns, such individual shall be
8 treated as having paid his proportionate share
9 of the cost of qualified energy efficiency im-
10 provements made by such association.

11 “(B) CONDOMINIUM MANAGEMENT ASSO-
12 CIATION.—For purposes of this paragraph, the
13 term ‘condominium management association’
14 means an organization which meets the require-
15 ments of paragraph (1) of section 528(c) (other
16 than subparagraph (E) thereof) with respect to
17 a condominium project substantially all of the
18 units of which are used as residences.

19 “(3) BUILDING ENVELOPE COMPONENT.—The
20 term ‘building envelope component’ means insulation
21 material or system which is specifically and pri-
22 marily designed to reduce the heat loss or gain of a
23 dwelling when installed in or on such dwelling, exte-
24 rior windows (including skylights) and doors, and
25 metal roofs with appropriate pigmented coatings

1 which are specifically and primarily designed to re-
2 duce the heat gain of a dwelling when installed in
3 or on such dwelling.

4 “(4) MANUFACTURED HOMES INCLUDED.—For
5 purposes of this section, the term ‘dwelling’ includes
6 a manufactured home which conforms to Federal
7 Manufactured Home Construction and Safety Stand-
8 ards (24 CFR 3280).

9 “(g) BASIS ADJUSTMENT.—For purposes of this sub-
10 title, if a credit is allowed under this section for any ex-
11 penditure with respect to any property, the increase in the
12 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 “(h) APPLICATION OF SECTION.—This section shall
16 apply to qualified energy efficiency improvements installed
17 after December 31, 2004 and before January 1, 2010.”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Subsection (a) of section 1016 is amended
20 by striking “and” at the end of paragraph (30), by
21 striking the period at the end of paragraph (31) and
22 inserting “, and”, and by adding at the end the fol-
23 lowing new paragraph:

1 “(32) to the extent provided in section 25C(g),
 2 in the case of amounts with respect to which a credit
 3 has been allowed under section 25C.”.

4 (2) The table of sections for subpart A of part
 5 IV of subchapter A of chapter 1 is amended by in-
 6 serting after the item relating to section 25B the fol-
 7 lowing new item:

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

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to taxable years ending after De-
 10 cember 31, 2004.

11 **SEC. 3. BUSINESS CREDIT FOR CONSTRUCTION OF NEW EN-**
 12 **ERGY EFFICIENT HOME.**

13 (a) IN GENERAL.—Subpart D of part IV of sub-
 14 chapter A of chapter 1 (relating to business related cred-
 15 its) is amended by inserting after section 45I the following
 16 new section:

17 **“SEC. 45J. NEW ENERGY EFFICIENT HOME CREDIT.**

18 “(a) IN GENERAL.—For purposes of section 38, in
 19 the case of an eligible contractor, the credit determined
 20 under this section for the taxable year is an amount equal
 21 to the aggregate adjusted bases of all energy efficient
 22 property installed in a qualified new energy efficient home
 23 during construction of such home.

24 “(b) LIMITATIONS.—

25 “(1) MAXIMUM CREDIT.—

1 “(A) IN GENERAL.—The credit allowed by
2 this section with respect to a dwelling shall not
3 exceed \$2,000.

4 “(B) PRIOR CREDIT AMOUNTS ON SAME
5 DWELLING TAKEN INTO ACCOUNT.—If a credit
6 was allowed under subsection (a) with respect
7 to a dwelling in 1 or more prior taxable years,
8 the amount of the credit otherwise allowable for
9 the taxable year with respect to that dwelling
10 shall not exceed the amount of \$2,000 reduced
11 by the sum of the credits allowed under sub-
12 section (a) with respect to the dwelling for all
13 prior taxable years.

14 “(2) COORDINATION WITH REHABILITATION
15 AND ENERGY CREDITS.—For purposes of this sec-
16 tion—

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

1 “(B) expenditures taken into account
2 under either section 47 or 48(a) shall not be
3 taken into account under this section.

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

5 “(1) ELIGIBLE CONTRACTOR.—The term ‘eligi-
6 ble contractor’ means the person who constructed
7 the new energy efficient home, or in the case of a
8 manufactured home which conforms to Federal
9 Manufactured Home Construction and Safety Stand-
10 ards (24 CFR 3280), the manufactured home pro-
11 ducer of such home.

12 “(2) ENERGY EFFICIENT PROPERTY.—The
13 term ‘energy efficient property’ means any energy
14 efficient building envelope component, and any en-
15 ergy efficient heating or cooling appliance.

16 “(3) QUALIFIED NEW ENERGY EFFICIENT
17 HOME.—The term ‘qualified new energy efficient
18 home’ means a dwelling—

19 “(A) located in the United States,

20 “(B) the construction of which is substan-
21 tially completed after December 31, 2004,

22 “(C) the original use of which is as a prin-
23 cipal residence (within the meaning of section
24 121) which commences with the person who ac-

1 quires such dwelling from the eligible con-
2 tractor, and

3 “(D) which is certified to have a level of
4 annual heating and cooling energy consumption
5 that is at least 30 percent below the annual
6 level of heating and cooling energy consumption
7 of a comparable dwelling constructed in accord-
8 ance with the standards of the 1998 Inter-
9 national Energy Conservation Code and to have
10 building envelope component improvements ac-
11 count for $\frac{1}{3}$ of such 30 percent.

12 “(4) CONSTRUCTION.—The term ‘construction’
13 includes reconstruction and rehabilitation.

14 “(5) ACQUIRE.—The term ‘acquire’ includes
15 purchase and, in the case of reconstruction and re-
16 habilitation, such term includes a binding written
17 contract for such reconstruction or rehabilitation.

18 “(6) BUILDING ENVELOPE COMPONENT.—The
19 term ‘building envelope component’ means insulation
20 material or system which is specifically and pri-
21 marily designed to reduce the heat loss or gain of a
22 dwelling when installed in or on such dwelling, exte-
23 rior windows (including skylights) and doors, and
24 metal roofs with appropriate pigmented coatings
25 which are specifically and primarily designed to re-

1 duce the heat gain of a dwelling when installed in
2 or on such dwelling.

3 “(7) MANUFACTURED HOME INCLUDED.—The
4 term ‘dwelling’ includes a manufactured home con-
5 forming to Federal Manufactured Home Construc-
6 tion and Safety Standards (24 CFR 3280).

7 “(d) CERTIFICATION.—

8 “(1) METHOD.—A certification described in
9 subsection (c)(3)(D) shall be determined on the
10 basis of one of the following methods:

11 “(A) The technical specifications or appli-
12 cable ratings (including product labeling re-
13 quirements) for the measurement of energy effi-
14 ciency for the energy efficient building envelope
15 component or energy efficient heating or cooling
16 appliance, based upon energy use or building
17 envelope component performance.

18 “(B) An energy performance measurement
19 method that utilizes computer software ap-
20 proved by organizations designated by the Sec-
21 retary.

22 “(2) PROVIDER.—Such certification shall be
23 provided by—

24 “(A) in the case of a method described in
25 paragraph (1)(A), a local building regulatory

1 authority, a utility, a manufactured home pro-
2 duction inspection primary inspection agency
3 (IPLA), or an accredited home energy rating
4 systems provider who is accredited by, or other-
5 wise authorized to use, approved energy per-
6 formance measurement methods by the Mort-
7 gage Industry's Home Energy Rating System
8 (as maintained by National Association of State
9 Energy Officials and the Residential Energy
10 Services Network), or

11 “(B) in the case of a method described in
12 paragraph (1)(B), an individual recognized by
13 an organization designated by the Secretary for
14 such purposes.

15 “(3) FORM.—Such certification shall be made
16 in writing in a manner that specifies in readily
17 verifiable fashion the energy efficient building enve-
18 lope components and energy efficient heating or
19 cooling appliances installed and their respective en-
20 ergy efficiency levels, and in the case of a method
21 described in subparagraph (B) of paragraph (1), ac-
22 companied by written analysis documenting the
23 proper application of a permissible energy perform-
24 ance measurement method to the specific cir-
25 cumstances of such dwelling.

1 “(4) REGULATIONS.—

2 “(A) IN GENERAL.—In prescribing regula-
3 tions under this subsection for energy perform-
4 ance measurement methods, the Secretary shall
5 prescribe procedures for calculating annual en-
6 ergy costs for heating and cooling and cost sav-
7 ings and for the reporting of the results. Such
8 regulations shall—

9 “(i) be based on the National Home
10 Energy Rating Technical Guidelines of the
11 National Association of State Energy Offi-
12 cials, the Mortgage Industry’s Home En-
13 ergy Rating System (as maintained by Na-
14 tional Association of State Energy Officials
15 and the Residential Energy Services Net-
16 work), or the modified 1998 California
17 Residential ACM manual,

18 “(ii) provide that any calculation pro-
19 cedures be developed such that the same
20 energy efficiency measures allow a home to
21 qualify for the credit under this section re-
22 gardless of whether the house uses a gas
23 or oil furnace or boiler or an electric heat
24 pump, and

1 “(iii) require that any computer soft-
2 ware allow for the printing of the Federal
3 tax forms necessary for the credit under
4 this section and explanations for the home-
5 buyer of the energy efficient features that
6 were used to comply with the requirements
7 of this section.

8 “(B) PROVIDERS.—For purposes of para-
9 graph (2)(B), the Secretary shall establish re-
10 quirements for the designation of individuals
11 based on the requirements for energy consult-
12 ants and home energy raters specified by the
13 National Association of State Energy Officials.

14 “(e) BASIS ADJUSTMENT.—For purposes of this sub-
15 title, if a credit is allowed under this section for any ex-
16 penditure with respect to any property, the increase in the
17 basis of such property which would (but for this sub-
18 section) result from such expenditure shall be reduced by
19 the amount of the credit so allowed.

20 “(f) APPLICATION OF SECTION.—Subsection (a) shall
21 apply to dwellings purchased during the period beginning
22 on January 1, 2005, and ending on December 31, 2009.”.

23 (b) CREDIT MADE PART OF GENERAL BUSINESS
24 CREDIT.—Subsection (b) of section 38 (relating to current
25 year business credit) is amended by striking “plus” at the

1 end of paragraph (18), by striking the period at the end
2 of paragraph (19) and inserting “, plus”, and by adding
3 at the end thereof the following new paragraph:

4 “(20) the new energy efficient home credit de-
5 termined under section 45J.”.

6 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C
7 (relating to certain expenses for which credits are allow-
8 able) is amended by adding at the end thereof the fol-
9 lowing new subsection:

10 “(e) NEW ENERGY EFFICIENT HOME EXPENSES.—
11 No deduction shall be allowed for that portion of expenses
12 for a new energy efficient home otherwise allowable as a
13 deduction for the taxable year which is equal to the
14 amount of the credit determined for such taxable year
15 under section 45J.”.

16 (d) DEDUCTION FOR CERTAIN UNUSED BUSINESS
17 CREDITS.—Subsection (c) of section 196 is amended by
18 striking “and” at the end of paragraph (11), by striking
19 the period at the end of paragraph (12) and inserting “,
20 and”, and by adding after paragraph (12) the following
21 new paragraph:

22 “(13) the new energy efficient home credit de-
23 termined under section 45J.”.

24 (e) CLERICAL AMENDMENT.—The table of sections
25 for subpart D of part IV of subchapter A of chapter 1

1 is amended by inserting after the item relating to section
 2 45I the following new item:

“Sec. 45J. New energy efficient home credit.”.

3 (f) EFFECTIVE DATE.—The amendments made by
 4 this section shall apply to taxable years ending after De-
 5 cember 31, 2004.

6 **SEC. 4. ALLOWANCE OF DEDUCTION FOR ENERGY EFFI-**
 7 **CIENT COMMERCIAL BUILDING PROPERTY.**

8 (a) IN GENERAL.—Part VI of subchapter B of chap-
 9 ter 1 (relating to itemized deductions for individuals and
 10 corporations) is amended by inserting after section 179B
 11 the following new section:

12 **“SEC. 179C. DEDUCTION FOR ENERGY EFFICIENT COMMER-**
 13 **CIAL BUILDING PROPERTY.**

14 “(a) ALLOWANCE OF DEDUCTION.—

15 “(1) IN GENERAL.—There shall be allowed as a
 16 deduction an amount equal to energy efficient com-
 17 mercial building property expenditures made by a
 18 taxpayer for the taxable year.

19 “(2) MAXIMUM AMOUNT OF DEDUCTION.—The
 20 amount of energy efficient commercial building prop-
 21 erty expenditures taken into account under para-
 22 graph (1) shall not exceed an amount equal to the
 23 product of—

24 “(A) \$2.25, and

1 “(B) the square footage of the building
 2 with respect to which the expenditures are
 3 made.

4 “(3) YEAR DEDUCTION ALLOWED.—The deduc-
 5 tion under paragraph (1) shall be allowed for the
 6 taxable year in which the building is placed in serv-
 7 ice.

8 “(b) ENERGY EFFICIENT COMMERCIAL BUILDING
 9 PROPERTY EXPENDITURES.—For purposes of this sec-
 10 tion, the term ‘energy efficient commercial building prop-
 11 erty expenditures’ means an amount paid or incurred for
 12 energy efficient commercial building property installed on
 13 or in connection with new construction or reconstruction
 14 of property—

15 “(1) for which depreciation is allowable under
 16 section 167,

17 “(2) which is located in the United States, and

18 “(3) the construction or erection of which is
 19 completed by the taxpayer.

20 Such property includes all residential rental property, in-
 21 cluding low-rise multifamily structures and single family
 22 housing property which is not within the scope of Stand-
 23 ard 90.1–1999 (described in subsection (c)). Such term
 24 includes expenditures for labor costs properly allocable to

1 the onsite preparation, assembly, or original installation
2 of the property.

3 “(c) ENERGY EFFICIENT COMMERCIAL BUILDING
4 PROPERTY.—For purposes of subsection (b)—

5 “(1) IN GENERAL.—The term ‘energy efficient
6 commercial building property’ means any property
7 which reduces total annual energy and power costs
8 with respect to the lighting, heating, cooling, ventila-
9 tion, and hot water supply systems of the building
10 by 50 percent or more in comparison to a reference
11 building which meets the requirements of Standard
12 90.1–1999 of the American Society of Heating, Re-
13 frigerating, and Air Conditioning Engineers and the
14 Illuminating Engineering Society of North America
15 using methods of calculation under paragraph (2)
16 and certified by qualified professionals as provided
17 under subsection (f).

18 “(2) METHODS OF CALCULATION.—The Sec-
19 retary, in consultation with the Secretary of Energy,
20 shall promulgate regulations which describe in detail
21 methods for calculating and verifying energy and
22 power consumption and cost, taking into consider-
23 ation the provisions of the 1998 California Nonresi-
24 dential ACM Manual. These procedures shall meet
25 the following requirements:

1 “(A) In calculating tradeoffs and energy
2 performance, the regulations shall prescribe the
3 costs per unit of energy and power, such as kil-
4 owatt hour, kilowatt, gallon of fuel oil, and
5 cubic foot or Btu of natural gas, which may be
6 dependent on time of usage.

7 “(B) The calculational methodology shall
8 require that compliance be demonstrated for a
9 whole building. If some systems of the building,
10 such as lighting, are designed later than other
11 systems of the building, the method shall pro-
12 vide that either—

13 “(i) the expenses taken into account
14 under subsection (a) shall not occur until
15 the date designs for all energy-using sys-
16 tems of the building are completed,

17 “(ii) the energy performance of all
18 systems and components not yet designed
19 shall be assumed to comply minimally with
20 the requirements of such Standard 90.1–
21 1999, or

22 “(iii) the expenses taken into account
23 under subsection (a) shall be a fraction of
24 such expenses based on the performance of

1 less than all energy-using systems in ac-
2 cordance with subparagraph (C).

3 “(C) The expenditures in connection with
4 the design of subsystems in the building, such
5 as the envelope, the heating, ventilation, air
6 conditioning and water heating system, and the
7 lighting system shall be allocated to the appro-
8 priate building subsystem based on system-spe-
9 cific energy cost savings targets in regulations
10 promulgated by the Secretary of Energy which
11 are equivalent, using the calculation method-
12 ology, to the whole building requirement of 50
13 percent savings.

14 “(D) The calculational methods under this
15 subparagraph need not comply fully with sec-
16 tion 11 of such Standard 90.1–1999.

17 “(E) The calculational methods shall be
18 fuel neutral, such that the same energy effi-
19 ciency features shall qualify a building for the
20 deduction under this subsection regardless of
21 whether the heating source is a gas or oil fur-
22 nace or an electric heat pump.

23 “(F) The calculational methods shall pro-
24 vide appropriate calculated energy savings for
25 design methods and technologies not otherwise

1 credited in either such Standard 90.1–1999 or
2 in the 1998 California Nonresidential ACM
3 Manual, including the following:

4 “(i) Natural ventilation.

5 “(ii) Evaporative cooling.

6 “(iii) Automatic lighting controls such
7 as occupancy sensors, photocells, and time-
8 clocks.

9 “(iv) Daylighting.

10 “(v) Designs utilizing semi-condi-
11 tioned spaces that maintain adequate com-
12 fort conditions without air conditioning or
13 without heating.

14 “(vi) Improved fan system efficiency,
15 including reductions in static pressure.

16 “(vii) Advanced unloading mecha-
17 nisms for mechanical cooling, such as mul-
18 tiple or variable speed compressors.

19 “(viii) The calculational methods may
20 take into account the extent of commis-
21 sioning in the building, and allow the tax-
22 payer to take into account measured per-
23 formance that exceeds typical performance.

24 “(3) COMPUTER SOFTWARE.—

1 “(A) IN GENERAL.—Any calculation under
2 this subsection shall be prepared by qualified
3 computer software.

4 “(B) QUALIFIED COMPUTER SOFTWARE.—
5 For purposes of this paragraph, the term
6 ‘qualified computer software’ means software—

7 “(i) for which the software designer
8 has certified that the software meets all
9 procedures and detailed methods for calcu-
10 lating energy and power consumption and
11 costs as required by the Secretary,

12 “(ii) which provides such forms as re-
13 quired to be filed by the Secretary in con-
14 nection with energy efficiency of property
15 and the deduction allowed under this sec-
16 tion, and

17 “(iii) which provides a notice form
18 which summarizes the energy efficiency
19 features of the building and its projected
20 annual energy costs.

21 “(d) ALLOCATION OF DEDUCTION FOR PUBLIC
22 PROPERTY.—In the case of energy efficient commercial
23 building property installed on or in public property, the
24 Secretary shall promulgate a regulation to allow the allo-
25 cation of the deduction to the person primarily responsible

1 for designing the property in lieu of the public entity which
2 is the owner of such property. Such person shall be treated
3 as the taxpayer for purposes of this section.

4 “(e) NOTICE TO OWNER.—The qualified individual
5 shall provide an explanation to the owner of the building
6 regarding the energy efficiency features of the building
7 and its projected annual energy costs as provided in the
8 notice under subsection (c)(3)(B)(iii).

9 “(f) CERTIFICATION.—The Secretary, in consultation
10 with the Secretary of Energy, shall establish requirements
11 for certification and compliance procedures similar to the
12 procedures under section 45J(d).

13 “(g) BASIS REDUCTION.—For purposes of this title,
14 the basis of any property shall be reduced by the amount
15 of the deduction with respect to such property which is
16 allowed by subsection (a).

17 “(h) TERMINATION.—This section shall not apply to
18 property placed in service after December 31, 2009.”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) Section 1016(a) is amended by striking
21 “and” at the end of paragraph (31), by striking the
22 period at the end of paragraph (32) and inserting “,
23 and”, and by inserting the following new paragraph:
24 “(33) to the extent provided in section
25 179C(g).”.

1 (2) Section 1245(a) is amended by inserting
 2 “179C,” after “179B,” both places it appears in
 3 paragraphs (2)(C) and (3)(C).

4 (3) Section 1250(b)(3) is amended by inserting
 5 before the period at the end of the first sentence “or
 6 by section 179C”.

7 (4) Section 263(a)(1) is amended by striking
 8 “or” at the end of subparagraph (H), by striking
 9 the period at the end of subparagraph (I) and in-
 10 serting “, or”, and by inserting after subparagraph
 11 (I) the following new subparagraph:

12 “(J) expenditures for which a deduction is
 13 allowed under section 179C.”.

14 (5) Section 312(k)(3)(B) is amended by strik-
 15 ing “or 179B” each place it appears in the heading
 16 and text and inserting “, 179B, or 179C”.

17 (c) CLERICAL AMENDMENT.—The table of sections
 18 for part VI of subchapter B of chapter 1 is amended by
 19 adding after section 179B the following new item:

 “Sec. 179C. Deduction for energy efficient commercial building property.”.

20 (d) EFFECTIVE DATE.—The amendments made by
 21 this section shall apply to taxable years beginning after
 22 December 31, 2004.

○