

109TH CONGRESS
1ST SESSION

H. R. 17

To amend the Internal Revenue Code of 1986 to allow a credit for residential solar energy property.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 2005

Mr. HAYWORTH 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 allow a credit for residential solar 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 “Residential Solar En-
5 ergy Tax Credit Act”.

6 SEC. 2. CREDIT FOR RESIDENTIAL SOLAR ENERGY PROP-

7 ERTY.

8 (a) IN GENERAL.—Subpart A of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of
10 1986 (relating to nonrefundable personal credits) is

1 amended by inserting after section 25B the following new
2 section:

3 **“SEC. 25C. RESIDENTIAL SOLAR ENERGY PROPERTY.**

4 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
5 dividual, there shall be allowed as a credit against the tax
6 imposed by this chapter for the taxable year an amount
7 equal to the sum of—

8 “(1) 15 percent of the qualified photovoltaic
9 property expenditures made by the taxpayer during
10 such year, and

11 “(2) 15 percent of the qualified solar water
12 heating property expenditures made by the taxpayer
13 during the taxable year.

14 “(b) LIMITATIONS.—

15 “(1) MAXIMUM CREDIT.—The credit allowed
16 under subsection (a) shall not exceed—

17 “(A) \$2,000 for each system of property
18 described in subsection (c)(1), and

19 “(B) \$2,000 for each system of property
20 described in subsection (c)(2).

21 “(2) TYPE OF PROPERTY.—No expenditure may
22 be taken into account under this section unless such
23 expenditure is made by the taxpayer for property in-
24 stalled on or in connection with a dwelling unit

1 which is located in the United States and which is
2 used as a residence.

3 “(3) SAFETY CERTIFICATIONS.—No credit shall
4 be allowed under this section for an item of property
5 unless—

6 “(A) in the case of solar water heating
7 equipment, such equipment is certified for per-
8 formance and safety by the non-profit Solar
9 Rating Certification Corporation or a com-
10 parable entity endorsed by the government of
11 the State in which such property is installed,
12 and

13 “(B) in the case of a photovoltaic system,
14 such system meets appropriate fire and electric
15 code requirements.

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

17 “(1) QUALIFIED SOLAR WATER HEATING PROP-
18 ERTY EXPENDITURE.—The term ‘qualified solar
19 water heating property expenditure’ means an ex-
20 penditure for property that uses solar energy to heat
21 water for use in a dwelling unit with respect to
22 which a majority of the energy is derived from the
23 sun.

24 “(2) QUALIFIED PHOTOVOLTAIC PROPERTY EX-
25 PENDITURE.—The term ‘qualified photovoltaic prop-

1 erty expenditure' means an expenditure for property
2 that uses solar energy to generate electricity for use
3 in a dwelling unit.

4 “(3) SOLAR PANELS.—No expenditure relating
5 to a solar panel or other property installed as a roof
6 (or portion thereof) shall fail to be treated as prop-
7 erty described in paragraph (1) or (2) solely because
8 it constitutes a structural component of the struc-
9 ture on which it is installed.

10 “(4) LABOR COSTS.—Expenditures for labor
11 costs properly allocable to the onsite preparation, as-
12 sembly, or original installation of the property de-
13 scribed in paragraph (1) or (2) and for piping or
14 wiring to interconnect such property to the dwelling
15 unit shall be taken into account for purposes of this
16 section.

17 “(5) SWIMMING POOLS, ETC., USED AS STOR-
18 AGE MEDIUM.—Expenditures which are properly al-
19 locable to a swimming pool, hot tub, or any other
20 energy storage medium which has a function other
21 than the function of such storage shall not be taken
22 into account for purposes of this section.

23 “(d) SPECIAL RULES.—For purposes of this sec-
24 tion—

1 “(1) DOLLAR AMOUNTS IN CASE OF JOINT OC-
2 CUPANCY.—In the case of any dwelling unit which is
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-

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

6 “(3) CONDOMINIUMS.—

7 “(A) IN GENERAL.—In the case of an indi-
8 vidual who is a member of a condominium man-
9 agement association with respect to a condo-
10 minium which he owns, such individual shall be
11 treated as having made his proportionate share
12 of any expenditures of such association.

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

21 “(4) JOINT OWNERSHIP OF ITEMS OF SOLAR
22 ENERGY PROPERTY.—

23 “(A) IN GENERAL.—Any expenditure oth-
24 erwise qualifying as an expenditure described in
25 paragraph (1) or (2) of subsection (c) shall not

1 be treated as failing to so qualify merely be-
2 cause such expenditure was made with respect
3 to 2 or more dwelling units.

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

11 “(5) ALLOCATION IN CERTAIN CASES.—If less
12 than 80 percent of the use of an item is for nonbusi-
13 ness residential purposes, only that portion of the
14 expenditures for such item which is properly allo-
15 cable to use for nonbusiness residential purposes
16 shall be taken into account. For purposes of this
17 paragraph, use for a swimming pool shall be treated
18 as use which is not for residential purposes.

19 “(6) WHEN EXPENDITURE MADE; AMOUNT OF
20 EXPENDITURE.—

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

1 “(B) EXPENDITURES PART OF BUILDING
2 CONSTRUCTION.—In the case of an expenditure
3 in connection with the construction or recon-
4 struction of a structure, such expenditure shall
5 be treated as made when the original use of the
6 constructed or reconstructed structure by the
7 taxpayer begins.

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

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

16 “(f) TERMINATION.—The credit allowed under this
17 section shall not apply to taxable years beginning after
18 December 31, 2010.”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) Subsection (a) of section 1016 of such Code
21 is amended by striking “and” at the end of para-
22 graph (30), by striking the period at the end of
23 paragraph (31) and inserting “; and”, and by add-
24 ing at the end the following new paragraph:

1 “(32) to the extent provided in section 25C(e),
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 of such Code is
6 amended by inserting after the item relating to sec-
7 tion 25B the following new item:

“Sec. 25C. Residential solar energy property.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years ending after De-
10 ember 31, 2005.

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