

109TH CONGRESS
2D SESSION

H. R. 4716

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

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 2006

Mr. COLE of Oklahoma (for himself, Mr. REHBERG, Mr. GOODE, Mr. UDALL of Colorado, Mr. CONAWAY, Mr. SANDERS, Mr. CASE, Mr. GILLMOR, and Mr. LUCAS) 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 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 2006”.

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. 30E. 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, 2015) 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) such turbine is placed in service or in-
 19 stalled on or in connection with property located in
 20 the United States,

21 “(2) in the case of an individual, the property
 22 on or in connection with which such turbine is in-
 23 stalled is a dwelling unit which is located in the
 24 United States,

1 “(3) the original use of such turbine commences
2 with the taxpayer, and

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

8 “(d) OTHER DEFINITIONS.—For purposes of this
9 section—

10 “(1) QUALIFYING WIND TURBINE.—The term
11 ‘qualifying wind turbine’ means a wind turbine of
12 100 kilowatts of rated capacity or less which meets
13 the latest performance rating standards published by
14 the American Wind Energy Association and which is
15 used to generate electricity.

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

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

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

23 “(A) the sum of the regular tax liability
24 (as defined in section 26(b)) plus the tax im-
25 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 sec-
12 tion—

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, 2005.”.

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 (36), by striking the period at the end
 5 of paragraph (37) and inserting “, and”, and by adding
 6 at the end the following new paragraph:

7 “(38) in the case of a residence or other prop-
 8 erty with respect to which a credit was allowed
 9 under section 30E, to the extent provided in section
 10 30E(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 30D the following new item:

“Sec. 30E. Wind energy property.”.

15 (d) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to taxable years ending after De-
 17 cember 31, 2005.

○