

109TH CONGRESS  
1ST SESSION

# S. 2105

To amend the Internal Revenue Code of 1986 to modify the credit for nonbusiness energy property so that the amount of the credit is determined based on the amount of energy savings achieved by the taxpayer.

---

## IN THE SENATE OF THE UNITED STATES

DECEMBER 15, 2005

Mr. COLEMAN introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Internal Revenue Code of 1986 to modify the credit for nonbusiness energy property so that the amount of the credit is determined based on the amount of energy savings achieved by the taxpayer.

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 Energy Savings  
5 Incentives Act of 2005”.

1 **SEC. 2. MODIFICATION OF CREDIT FOR CERTAIN NONBUSI-**  
 2 **NESS ENERGY PROPERTY.**

3 (a) IN GENERAL.—Section 25C of the Internal Rev-  
 4 enue Code of 1986 is amended to read as follows:

5 **“SEC. 25C. NONBUSINESS ENERGY PROPERTY.**

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

10 “(1) \$10 for each therm of certified natural gas  
 11 savings attributable to qualified energy efficiency ex-  
 12 penditures made during the taxable year, and

13 “(2) \$0.65 for each kilowatt hour of certified  
 14 electricity savings attributable to qualified energy ef-  
 15 ficiency expenditures made during the taxable year.

16 “(b) LIFETIME LIMITATION.—The credit allowed  
 17 under this section with respect to any taxpayer for any  
 18 taxable year shall not exceed the excess (if any) of \$5,000  
 19 over the aggregate credits allowed under this section with  
 20 respect to such taxpayer for all prior taxable years.

21 “(c) QUALIFIED ENERGY EFFICIENCY EXPENDI-  
 22 TURES.—For purposes of this section—

23 “(1) IN GENERAL.—The term ‘qualified energy  
 24 efficiency expenditures’ means expenditures made by  
 25 the taxpayer, after consultation with a qualified indi-  
 26 vidual described in subsection (d)(2)(C), for the im-

1       provement of a dwelling unit of the taxpayer located  
 2       in the United States and used by the taxpayer as  
 3       the taxpayer’s principal residence.

4               “(2) NO DOUBLE BENEFIT FOR CERTAIN EX-  
 5       PENDITURES.—The term ‘qualified energy efficiency  
 6       expenditures’ shall not include any expenditure for  
 7       which a deduction or credit is otherwise allowed  
 8       under this chapter.

9               “(3) PRINCIPAL RESIDENCE.—

10              “(A) IN GENERAL.—The term ‘principal  
 11       residence’ has the same meaning as when used  
 12       in section 121, except that—

13              “(i) no ownership requirement shall  
 14       be imposed, and

15              “(ii) the period for which a building is  
 16       treated as used as a principal residence  
 17       shall also include the 60-day period ending  
 18       on the 1st day on which it would (but for  
 19       this subparagraph) first be treated as used  
 20       as a principal residence.

21              “(B) MANUFACTURED HOUSING.—The  
 22       term ‘residence’ shall include a dwelling unit  
 23       which is a manufactured home conforming to  
 24       Federal Manufactured Home Construction and  
 25       Safety Standards (24 C.F.R. 3280).

1       “(d) CERTIFIED NATURAL GAS SAVINGS; CERTIFIED  
2 ELECTRICITY SAVINGS.—

3               “(1) IN GENERAL.—

4                       “(A) CERTIFIED NATURAL GAS SAVINGS.—

5       The term ‘certified natural gas savings’ means,  
6 with respect to any taxable year, the amount,  
7 measured in therms on an average annual  
8 basis, which is equal to the excess of—

9                       “(i) 85 percent of the amount of nat-  
10 ural gas which would be consumed with re-  
11 spect to the dwelling unit of the taxpayer  
12 if the qualified energy efficiency expendi-  
13 tures with respect to such taxable year  
14 were not made, as certified in accordance  
15 with paragraph (2), over

16                      “(ii) the amount of such natural gas  
17 consumption with respect to such dwelling  
18 unit determined by taking into account the  
19 qualified energy efficiency expenditures  
20 made during such taxable year, as certified  
21 in accordance with paragraph (2).

22                      “(B) CERTIFIED ELECTRICITY SAVINGS.—

23       The term ‘certified electricity savings’ means,  
24 with respect to any taxable year, the amount,

1 measured in kilowatt hours on an annual basis,  
2 which is equal to the excess of—

3 “(i) 85 percent of the amount of elec-  
4 tricity which would be consumed with re-  
5 spect to the dwelling unit of the taxpayer  
6 if the qualified energy efficiency expendi-  
7 tures with respect to such taxable year  
8 were not made, as certified in accordance  
9 with paragraph (2), over

10 “(ii) the amount of electricity con-  
11 sumption with respect to such dwelling  
12 unit determined by taking into account the  
13 qualified energy efficiency expenditures  
14 made during such taxable year, as certified  
15 in accordance with paragraph (2).

16 “(2) CERTIFICATION.—

17 “(A) IN GENERAL.—The Secretary shall  
18 prescribe the manner and method for the mak-  
19 ing of certifications under this paragraph.

20 “(B) PROCEDURES.—The Secretary shall  
21 include as part of the certification process pro-  
22 cedures for inspection and testing by qualified  
23 individuals described in subparagraph (C) to  
24 ensure compliance of dwelling units with the re-  
25 quirements of this section. Such procedures

1           shall be similar to the requirements in the  
 2           Mortgage Industry National Accreditation Pro-  
 3           cedures for Home Energy Rating Systems.

4           “(C) QUALIFIED INDIVIDUALS.—Individ-  
 5           uals qualified to determine compliance shall be  
 6           only those individuals who are recognized by an  
 7           organization certified by the Secretary for such  
 8           purposes.

9           “(e) SPECIAL RULES.—For purposes of this section,  
 10          rules similar to the rules under paragraphs (4), (5), (6),  
 11          (7), (8), and (9) of section 25D(e) shall apply.

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

18          “(g) TERMINATION.—This section shall not apply  
 19          with respect to any property placed in service after Decem-  
 20          ber 31, 2007.”.

21          (b) CONFORMING AMENDMENT.—Section  
 22          1016(a)(34) is amended by striking “25C(e)” and insert-  
 23          ing “section 25C(f)”.

1       (c) EFFECTIVE DATES.—The amendments made by  
2 this section shall apply to property placed in service after  
3 December 31, 2005.

○