

110TH CONGRESS
1ST SESSION

H. R. 1596

To amend the Internal Revenue Code of 1986 to provide and extend tax incentives for renewable energy and conservation.

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 2007

Mr. FERGUSON (for himself, Mr. KUHL of New York, Mr. REICHERT, Mr. BURTON of Indiana, and Ms. GINNY BROWN-WAITE of Florida) 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 and extend tax incentives for renewable energy and conservation.

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 “Clean and Green Re-

5 newable Energy Tax Credit Act of 2007”.

1 **SEC. 2. EXTENSION AND MODIFICATION OF INVESTMENT**2 **TAX CREDIT WITH RESPECT TO SOLAR EN-**
3 **ERGY PROPERTY AND QUALIFIED FUEL CELL**
4 **PROPERTY.**5 (a) SOLAR ENERGY PROPERTY.—Paragraphs
6 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) of the Internal
7 Revenue Code of 1986 are each amended by striking
8 “2009” and inserting “2031”.9 (b) ELIGIBLE FUEL CELL PROPERTY.—Paragraph
10 (1)(E) of section 48(c) of such Code is amended by strik-
11 ing “2008” and inserting “2030”.

12 (c) MODIFICATION OF ENERGY PERCENTAGE.—

13 (1) IN GENERAL.—Clause (i) of section
14 48(a)(2)(A) of such Code is amended by striking
15 “30 percent” and inserting “the applicable percent-
16 age”.17 (2) APPLICABLE PERCENTAGE.—Paragraph (2)
18 of section 48(a) of such Code is amended by adding
19 at the end the following new subparagraph:20 (C) APPLICABLE PERCENTAGE.—For
21 purposes of this paragraph, the term ‘applicable
22 percentage’ means—23 (i) 30 percent in the case of any tax-
24 able year beginning after December 31,
25 2006, and before January 1, 2016,

1 “(ii) 25 percent in the case of any
2 taxable year beginning after December 31,
3 2015, and before January 1, 2022, and
4 “(iii) 20 percent in the case of any
5 taxable year beginning after December 31,
6 2021.”.

7 (d) ENERGY PROPERTY TO INCLUDE EXCESS EN-
8 ERGY STORAGE DEVICE.—Clause (i) of section
9 48(a)(3)(A) of such Code is amended to read as follows:

10 “(i) equipment which uses solar en-
11 ergy to generate electricity, to heat or cool
12 (or provide hot water for use in) a struc-
13 ture, or to provide solar process heat, or
14 advanced energy storage systems installed
15 as an integrated component of the fore-
16 going, excepting property used to generate
17 energy for purposes of heating a swimming
18 pool.”.

19 (e) SOLAR LIGHTING EQUIPMENT TO INCLUDE
20 SOLAR HYBRID LIGHTING SYSTEMS.—Clause (ii) of sec-
21 tion 48(a)(3)(A) of such Code is amended to read as fol-
22 lows:

23 “(ii) equipment which uses solar en-
24 ergy to illuminate the inside of a structure
25 using fiber-optic distributed sunlight but

1 only with respect to periods ending before
2 January 1, 2031.”.

3 (f) MODIFICATIONS.—

4 (1) SOLAR PHOTOVOLTAIC ENERGY PROPERTY
5 CREDIT DETERMINED SOLELY BY KILOWATT CAPAC-
6 ITY.—

12 “(4) SPECIAL RULE FOR ENERGY CREDIT FOR
13 SOLAR PHOTOVOLTAIC ENERGY PROPERTY.—

14 “(A) IN GENERAL.—For purposes of sec-
15 tion 46, the energy credit for any taxable year
16 for solar photovoltaic energy property described
17 in paragraph (3)(A)(i) which is used to gen-
18 erate electricity and which is placed in service
19 during the taxable year is \$1,500 with respect
20 to each half kilowatt of capacity of such prop-
21 erty. Paragraph (2)(A)(ii) shall not apply to
22 property to which the preceding sentence ap-
23 plies.

24 “(B) APPLICATION OF SPECIAL RULES FOR
25 REHABILITATED OR SUBSIDIZED PROPERTY.—

1 Rules similar to the rules of paragraphs (2)(B)
2 and (5) shall apply to property to which this
3 paragraph applies.”.

4 (B) CONFORMING AMENDMENT.—Sub-
5 clause (II) of section 48(a)(2)(A)(i) of such
6 Code is amended by striking “described in
7 paragraph (3)(A)(i)” and inserting “which is
8 described in paragraph (3)(A)(i) and to which
9 paragraph (4) does not apply”.

10 (g) CREDIT ALLOWED AGAINST THE ALTERNATIVE
11 MINIMUM TAX.—Section 38(c)(4)(B) of such Code (defin-
12 ing specified credits) is amended by striking the period
13 at the end of clause (ii)(II) and inserting “, and”, and
14 by adding at the end the following new clause:

15 “(iii) the portion of the investment
16 credit which is attributable to the energy
17 credit determined under section 48.”.

18 (h) EFFECTIVE DATES.—The amendments made by
19 this section shall apply to property placed in service in
20 taxable years beginning after December 31, 2006.

21 **SEC. 3. EXTENSION AND MODIFICATION OF CREDIT FOR**
22 **RESIDENTIAL ENERGY EFFICIENT PROP-**
23 **ERTY.**

24 (a) EXTENSION.—Subsection (g) of section 25D of
25 the Internal Revenue Code of 1986 (relating to termi-

1 nation) is amended by striking “2009” and inserting
2 “2016”.

3 (b) SOLAR ELECTRIC PROPERTY.—Paragraph (1) of
4 section 25D(a) of such Code (relating to allowance of cred-
5 it) is amended by striking “30 percent of”.

6 (c) MODIFICATION OF MAXIMUM CREDIT.—Subpara-
7 graph (A) of section 25D(b)(1) of such Code is amended
8 to read as follows:

9 “(A) \$1,500 with respect to each half kilo-
10 watt of installed capacity of property described
11 in subsection (d)(2) for which qualified solar
12 electric property expenditures are made.”.

13 (d) DEFINITION OF QUALIFIED SOLAR WATER
14 HEATING PROPERTY EXPENDITURE.—Paragraph (1) of
15 section 25D(d) of such Code is amended by striking “to
16 heat water for use in” and inserting “to heat or cool (or
17 provide hot water for use in)”.

18 (e) DEFINITION OF QUALIFIED PHOTOVOLTAIC
19 PROPERTY EXPENDITURE.—Paragraph (2) of section
20 25D(d) of such Code is amended by inserting “, including
21 advanced energy storage systems installed as an inte-
22 grated component of the foregoing” after “taxpayer”.

23 (f) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
24 IMUM TAX.—

4 “(3) CREDIT ALLOWED AGAINST ALTERNATIVE
5 MINIMUM TAX.—The credit allowed under subsection
6 (a) for the taxable year shall not exceed the excess
7 of—

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

11 “(B) the sum of the credits allowable
12 under subpart A of part IV of subchapter A
13 (other than this section) and section 27 for the
14 taxable year.”.

15 (2) CONFORMING AMENDMENTS.—

16 (A) Subsection (c) of section 25D of such
17 Code is amended to read as follows:

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

1 (B) Section 23(b)(4)(B) of such Code is
2 amended by inserting “and section 25D” after
3 “this section”.

4 (C) Section 24(b)(3)(B) of such Code is
5 amended by striking “sections 23 and 25B”
6 and inserting “sections 23, 25B, and 25D”.

10 (g) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to expenditures made in taxable
12 years beginning after December 31, 2006.

13 SEC. 4. 3-YEAR ACCELERATED DEPRECIATION PERIOD FOR
14 SOLAR ENERGY PROPERTY AND FUEL CELL
15 PROPERTY.

16 (a) IN GENERAL.—Subparagraph (A) of section
17 168(e)(3) of the Internal Revenue Code of 1986 is amend-
18 ed by striking “and” at the end of clause (ii), by striking
19 the period at the end of clause (iii) and inserting a comma,
20 and by inserting after clause (iii) the following new clause:

21 “(iv) any property which is described
22 in clause (i) or (ii) of section 48(a)(3)(A)
23 (or would be so described if the last sen-
24 tence of such section did not apply to such
25 clause), and

1 “(v) any property which is described
2 in clause (iv) of section 48(a)(3)(A).”.

3 (b) CONFORMING AMENDMENT.—Section
4 168(e)(3)(B)(vi)(I) of such Code is amended to read as
5 follows:

6 “(I) would be described in sub-
7 paragraph (A) of section 48(a)(3) if
8 ‘wind energy’ were substituted for
9 ‘solar energy’ in clause (i) thereof and
10 the last sentence of such section did
11 not apply to such subparagraph.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to property placed in service after
14 December 31, 2006.

15 **SEC. 5. 5-YEAR EXTENSION OF CREDIT FOR ELECTRICITY**
16 **PRODUCED FROM CERTAIN RENEWABLE RE-**
17 **SOURCES.**

18 Section 45(d) of the Internal Revenue Code of 1986
19 (relating to qualified facilities) is amended by striking
20 “2009” each place it appears and inserting “2014”.

21 **SEC. 6. INVESTMENT CREDIT FOR SMALL WIND SYSTEMS.**

22 (a) ENERGY CREDIT FOR BUSINESSES.—

23 (1) IN GENERAL.—Subparagraph (A) of section
24 48(a)(3) of the Internal Revenue Code of 1986 (re-
25 lating to energy property) is amended by striking

1 “or” at the end of clause (iii), by inserting “or” at
2 the end of clause (iv), and by adding at the end the
3 following new clause:

4 “(v) equipment which uses wind to
5 generate electricity if such equipment is
6 rated at 100 kW or less.”.

7 (2) 30 PERCENT CREDIT.—Clause (i) of section
8 48(a)(2)(A) of such Code is amended by striking
9 “and” at the end of subclause (II) and by inserting
10 after subclause (III) the following new subclause:

11 “(IV) energy property described
12 in paragraph (3)(A)(v), and”.

13 (b) RESIDENTIAL ENERGY EFFICIENT PROPERTY
14 CREDIT FOR INDIVIDUALS.—

15 (1) IN GENERAL.—Subsection (a) of section
16 25D of such Code is amended by striking “and” at
17 the end of paragraph (2), by striking the period at
18 the end of paragraph (3) and inserting “, and”, and
19 by adding at the end the following new paragraph:

20 “(4) 30 percent of the qualified small wind sys-
21 tem expenditures made by the taxpayer during the
22 taxable year.”.

23 (2) MAXIMUM CREDIT.—Paragraph (1) of sec-
24 tion 25D(b) of such Code is amended by striking
25 “and” at the end of paragraph (2), by striking the

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

4 “(4) \$1,500 with respect to each half kilowatt
5 of installed capacity of equipment described in sub-
6 section (d)(4) for which qualified small wind system
7 expenditures are made.”.

8 (3) QUALIFIED SMALL WIND SYSTEM EXPENDI-
9 TURES.—Subsection (d) of section 25D of such Code
10 is amended by adding at the end the following new
11 paragraph:

12 “(4) QUALIFIED SMALL WIND SYSTEM EXPEND-
13 ITURES.—The term ‘qualified small wind system ex-
14 penditures’ means an expenditure for equipment
15 which uses wind to generate electricity for use in a
16 dwelling unit located in the United States and used
17 as a residence by the taxpayers if such equipment is
18 rated at 100 kW or less.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to property placed in service after
21 December 31, 2006.

1 **SEC. 7. EXTENSION OF CREDIT FOR NONBUSINESS ENERGY**2 **PROPERTY.**

3 Subsection (g) of section 25C of the Internal Revenue
4 Code of 1986 is amended by striking “December 31,
5 2007” and inserting “December 31, 2009”.

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