

110TH CONGRESS
1ST SESSION

S. 673

To amend the Internal Revenue Code of 1986 to provide credits for the installation of wind energy property, including by rural homeowners, farmers, ranchers, and small businesses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 16, 2007

Mr. SALAZAR (for himself, Mr. SMITH, Mr. DORGAN, and Mr. CRAIG) 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 provide credits for the installation of wind energy property, including by rural homeowners, farmers, ranchers, and small businesses, and for other purposes.

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 “Rural Wind Energy
5 Development Act”.

1 **SEC. 2. CREDIT FOR INSTALLATION OF WIND ENERGY**
 2 **PROPERTY INCLUDING BY RURAL HOME-**
 3 **OWNERS, FARMERS, RANCHERS, AND SMALL**
 4 **BUSINESSES.**

5 (a) IN GENERAL.—Subpart B of part IV of sub-
 6 chapter A of chapter 1 of the Internal Revenue Code of
 7 1986 is amended by adding at the end the following new
 8 section:

9 **“SEC. 30D. WIND ENERGY PROPERTY.**

10 “(a) ALLOWANCE OF CREDIT.—There shall be al-
 11 lowed as a credit against the tax imposed by this chapter
 12 for the taxable year an amount equal to \$1,500 with re-
 13 spect to each half kilowatt of capacity of qualified wind
 14 energy property placed in service or installed by the tax-
 15 payer during such taxable year.

16 “(b) LIMITATION.—No credit shall be allowed under
 17 subsection (a) unless at least 50 percent of the energy pro-
 18 duced annually by the qualified wind energy property is
 19 consumed on the site on which the property is placed in
 20 service or installed.

21 “(c) QUALIFIED WIND ENERGY PROPERTY.—For
 22 purposes of this section, the term ‘qualified wind energy
 23 property’ means a wind turbine of 100 kilowatts of rated
 24 capacity or less if—

1 “(1) such turbine is placed in service or in-
2 stalled on or in connection with property located in
3 the United States,

4 “(2) in the case of an individual, the property
5 on or in connection with which such turbine is in-
6 stalled is a dwelling unit,

7 “(3) the original use of such turbine commences
8 with the taxpayer, and

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

14 “(d) LIMITATION BASED ON AMOUNT OF TAX.—

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

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

21 “(B) the sum of the credits allowable
22 under this part (other than under this section
23 and subpart C thereof, relating to refundable
24 credits) and section 1397E.

1 “(2) CARRYOVER OF UNUSED CREDIT.—If the
2 credit allowable under subsection (a) exceeds the
3 limitation imposed by paragraph (1) for such taxable
4 year, such excess shall be carried to the succeeding
5 taxable year and added to the credit allowable under
6 subsection (a) for such taxable year.

7 “(e) SPECIAL RULES.—For purposes of this sec-
8 tion—

9 “(1) TENANT-STOCKHOLDER IN COOPERATIVE
10 HOUSING CORPORATION.—In the case of an indi-
11 vidual who is a tenant-stockholder (as defined in sec-
12 tion 216(b)(2)) in a cooperative housing corporation
13 (as defined in section 216(b)(1)), such individual
14 shall be treated as having paid his tenant-stock-
15 holder’s proportionate share (as defined in section
16 216(b)(3)) of any expenditures paid or incurred for
17 qualified wind energy property by such corporation,
18 and such credit shall be allocated appropriately to
19 such individual.

20 “(2) CONDOMINIUMS.—

21 “(A) IN GENERAL.—In the case of an indi-
22 vidual who is a member of a condominium man-
23 agement association with respect to a condo-
24 minium which he owns, such individual shall be
25 treated as having paid his proportionate share

1 of expenditures paid or incurred for qualified
2 wind energy property by such association, and
3 such credit shall be allocated appropriately to
4 such individual.

5 “(B) CONDOMINIUM MANAGEMENT ASSO-
6 CIATION.—For purposes of this paragraph, the
7 term ‘condominium management association’
8 means an organization which meets the require-
9 ments of section 528(c)(2) with respect to a
10 condominium project of which substantially all
11 of the units are used by individuals as dwelling
12 units.

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

20 “(g) APPLICATION OF CREDIT.—The credit allowed
21 under this section shall apply to property placed in service
22 or installed after December 31, 2006, and before January
23 1, 2012.”.

24 (b) CONFORMING AMENDMENT.—Subsection (a) of
25 section 1016 of the Internal Revenue Code of 1986 (relat-

1 ing to general rule for adjustments to basis) is amended
 2 by striking “and” at the end of paragraph (36), by strik-
 3 ing the period at the end of paragraph (37) and inserting
 4 “, and”, and by adding at the end the following new para-
 5 graph:

6 “(38) in the case of a dwelling unit or other
 7 property with respect to which a credit was allowed
 8 under section 30D, to the extent provided in section
 9 30D(f).”.

10 (c) CLERICAL AMENDMENT.—The table of sections
 11 for subpart B of part IV of subchapter A of chapter 1
 12 of the Internal Revenue Code of 1986 is amended by in-
 13 serting after the item relating to section 30C the following
 14 new item:

“Sec. 3D. 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, 2006.

18 **SEC. 3. 3-YEAR ACCELERATED DEPRECIATION PERIOD FOR**
 19 **WIND ENERGY PROPERTY.**

20 (a) IN GENERAL.—Subparagraph (A) of section
 21 168(e)(3) of the Internal Revenue Code of 1986 is amend-
 22 ed by striking “and” at the end of clause (ii), by striking
 23 the period at the end of clause (iii) and inserting “, and”,
 24 and by inserting after clause (iii) the following new clause:

1 “(iv) any property which would be de-
2 scribed in subparagraph (A) of section
3 48(a)(3) if ‘wind energy’ were substituted
4 for ‘solar energy’ in clause (i) thereof and
5 the last sentence of such section did not
6 apply to such subparagraph.”.

7 (b) CONFORMING AMENDMENT.—Section
8 168(e)(3)(B)(vi)(I) of such Code is amended to read as
9 follows:

10 “(I) is described in subparagraph
11 (A) of section 48(a)(3) if the last sen-
12 tence of such section did not apply to
13 such subparagraph.”.

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

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