

111TH CONGRESS
2D SESSION

H. R. 5918

To amend the Internal Revenue Code of 1986 to provide an investment tax credit for biomass heating property and repeal the passive activity limitation exception for working interests in oil and gas property.

IN THE HOUSE OF REPRESENTATIVES

JULY 29, 2010

Mr. HODES 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 an investment tax credit for biomass heating property and repeal the passive activity limitation exception for working interests in oil and gas 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. INVESTMENT TAX CREDIT FOR BIOMASS HEAT-**
4 **ING PROPERTY.**

5 (a) IN GENERAL.—Subparagraph (A) of section
6 48(a)(3) of the Internal Revenue Code of 1986 (defining
7 energy property) is amended by striking “or” at the end

1 of clause (vi), by inserting “or” at the end of clause (vii),
2 and by inserting after clause (vii) the following new clause:

3 “(viii) biomass heating property, in-
4 cluding boilers or furnaces which operate
5 at output efficiencies greater than 75 per-
6 cent and which provide thermal energy in
7 the form of heat, hot water, or steam for
8 space heating, air conditioning, domestic
9 hot water, or industrial process heat, but
10 only with respect to periods ending before
11 January 1, 2014,”.

12 (b) 30 PERCENT CREDIT.—Clause (i) of section
13 48(a)(2)(A) of such Code is amended by striking “and”
14 at the end of subclause (III) and by inserting after sub-
15 clause (IV) the following new subclause:

16 “(V) energy property described in
17 paragraph (3)(A)(viii), and”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to periods after the date of the
20 enactment of this Act, in taxable years ending after such
21 date, under rules similar to the rules of section 48(m) of
22 the Internal Revenue Code of 1986 (as in effect on the
23 day before the date of the enactment of the Revenue Rec-
24 onciliation Act of 1990).

1 **SEC. 2. REPEAL OF EXCEPTION FROM PASSIVE ACTIVITY**
2 **RULES FOR WORKING INTERESTS IN OIL OR**
3 **GAS PROPERTY.**

4 (a) IN GENERAL.—Subsection (c) of section 469 of
5 the Internal Revenue Code of 1986 is amended by striking
6 paragraph (3).

7 (b) CONFORMING AMENDMENT.—Paragraph (4) of
8 section 469 (c) of such Code is amended—

9 (1) by striking “Paragraphs (2) and (3)” and
10 inserting “Paragraph (2)”, and

11 (2) by striking “PARAGRAPHS (2) AND (3)” in
12 the heading and inserting “PARAGRAPH (2)”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 the date of the enactment of this Act.

○