

111TH CONGRESS
2D SESSION

H. R. 5931

To amend the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986 to provide incentives for the development of solar energy.

IN THE HOUSE OF REPRESENTATIVES

JULY 29, 2010

Ms. MATSUI (for herself, Mr. INSLEE, and Ms. GIFFORDS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986 to provide incentives for the development of solar energy.

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 “Renewable Energy In-
5 centive Act”.

1 **SEC. 2. EXTENSION OF GRANTS FOR SPECIFIED ENERGY**
2 **PROPERTY IN LIEU OF TAX CREDITS.**

3 (a) IN GENERAL.—Subsection (a) of section 1603 of
4 division B of the American Recovery and Reinvestment
5 Act of 2009 is amended—

6 (1) in paragraph (1), by striking “2009 or
7 2010” and inserting “2009, 2010, 2011, or 2012”,
8 and

9 (2) in paragraph (2)—

10 (A) by striking “after 2010” and inserting
11 “after 2012”, and

12 (B) by striking “2009 or 2010” and in-
13 serting “2009, 2010, 2011, or 2012”.

14 (b) CONFORMING AMENDMENT.—Subsection (j) of
15 section 1603 of division B of such Act is amended by strik-
16 ing “2011” and inserting “2013”.

17 **SEC. 3. EXPANSION OF GRANTS FOR SPECIFIED ENERGY**
18 **PROPERTY IN LIEU OF TAX CREDITS.**

19 (a) GRANTS ALLOWED FOR CERTAIN GOVERN-
20 MENTAL UNITS AND COOPERATIVE ELECTRIC COMPA-
21 NIES.—

22 (1) IN GENERAL.—Subsection (g) of section
23 1603 of division B of the American Recovery and
24 Reinvestment Act of 2009 is amended—

25 (A) in paragraph (1), by inserting “other
26 than a governmental unit which is a State util-

ity with a service obligation (as such terms are defined in section 217 of the Federal Power Act, as in effect on the date of the enactment of this paragraph),” after “thereof),”,

(B) in paragraph (2), by inserting “other than a mutual or cooperative electric company described in section 50(c)(12) of such Code” after “such Code”, and

(C) by striking paragraph (3) and redesignating paragraph (4) as paragraph (3).

(2) CONFORMING AMENDMENT.—Paragraph (3) of section 1603(g) of division B of such Act, as redesignated by paragraph (1)(C), is amended by striking “paragraph (1), (2), or (3)” and inserting “paragraph (1) or (2)”.

(b) NO GRANTS FOR PORTION OF PROPERTY FINANCED WITH CREBS OR TAX-EXEMPT BONDS.—Section 1603 of division B of such Act, as amended by section 2, is amended by redesignating subsections (h), (i), and (j) as subsections (i), (j), and (k), respectively, and by inserting after subsection (g) the following new subsection:

“(h) SPECIAL RULE FOR BOND FINANCED PROPERTY.—The amount of any grant under this section with respect to any specified energy property shall not exceed an amount equal to—

1 “(1) the basis of such property, over

2 “(2) the portion of the basis of such property
3 which is allocable to proceeds of any bond which is
4 designated as a new clean renewable energy bond
5 under section 54C of such Code or any bond the in-
6 terest on which is exempt from tax under section
7 103 of such Code.”.

8 (c) TREATMENT OF GRANTS FOR COOPERATIVE
9 ELECTRIC COMPANIES.—Paragraph (12) of section
10 501(c) of the Internal Revenue Code of 1986 is amended
11 by adding at the end the following new subparagraph:

12 “(I) In the case of a mutual or cooperative
13 electric company described in this paragraph or
14 an organization described in section
15 1381(a)(2)(C), subparagraph (A) shall be ap-
16 plied without taking into account any grant re-
17 ceived under section 1603 of division B of the
18 American Recovery and Reinvestment Act of
19 2009.”.

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to property placed in service after
22 the date of the enactment of this Act.

1 **SEC. 4. CREDIT FOR QUALIFIED SOLAR MANUFACTURING**
 2 **PROJECT PROPERTY.**

3 (a) IN GENERAL.—Subparagraph (A) of section
 4 48(a)(3) of the Internal Revenue Code of 1986 is amended
 5 by striking “or” at the end of clause (vi), by inserting
 6 “or” at the end of clause (vii), and by inserting after
 7 clause (vii) the following new clause:

8 “(viii) qualified solar manufacturing
 9 project property,”.

10 (b) CREDIT PERCENTAGE.—Subclause (II) of section
 11 48(a)(2)(A)(i) of such Code is amended by striking “para-
 12 graph (3)(A)(i)” and inserting “clause (i) or (viii) of para-
 13 graph (3)(A)”.

14 (c) QUALIFIED SOLAR MANUFACTURING PROP-
 15 ERTY.—Section 48(c) of such Code is amended by adding
 16 at the end the following new paragraph:

17 “(5) QUALIFIED SOLAR MANUFACTURING
 18 PROJECT PROPERTY.—The term ‘qualified solar
 19 manufacturing project property’ means any tangible
 20 personal property (not including a building or its
 21 structural components) purchased to re-equip, ex-
 22 pand, or establish a manufacturing facility for the
 23 production of property described in subsection
 24 (a)(3)(A)(i), but only if such property is used as an
 25 integral part of the production process. Such term

1 shall not include any property if such property has
 2 been certified for a credit under section 48C.”.

3 (d) PROPERTY ELIGIBLE FOR GRANT.—Subsection
 4 (d) of section 1603 of division B of the American Recovery
 5 and Reinvestment Act of 2009 is amended by inserting
 6 after paragraph (8) the following new paragraph:

7 “(9) QUALIFIED SOLAR MANUFACTURING
 8 PROJECT PROPERTY.—Any qualified solar manufac-
 9 turing project property (as defined in section
 10 48(c)(5) of such Code).”.

11 (e) EFFECTIVE DATE.—

12 (1) IN GENERAL.—The amendments made by
 13 subsections (a), (b), and (c) shall apply to periods
 14 after the date of the enactment of this Act, under
 15 rules similar to the rules of section 48(m) of the In-
 16 ternal Revenue Code of 1986 (as in effect on the day
 17 before the date of the enactment of the Revenue
 18 Reconciliation Act of 1990).

19 (2) GRANTS.—The amendment made by sub-
 20 section (d) shall apply to property placed in service
 21 after the date of the enactment of this Act.

22 **SEC. 5. CREDIT FOR HIGH SOLARITY DISTURBED PRIVATE**
 23 **LAND CONSOLIDATION.**

24 (a) IN GENERAL.—Subpart D of part IV of sub-
 25 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
2 section:

3 **“SEC. 45S. HIGH SOLARITY DISTURBED PRIVATE LAND**
4 **CONSOLIDATION CREDIT.**

5 “(a) IN GENERAL.—For purposes of section 38, the
6 high solarity disturbed private land consolidation credit
7 for any taxable year is an amount equal to 30 percent
8 of any amounts paid during the taxable year to purchase
9 more than 2 sections of contiguous high solarity disturbed
10 private land for the purpose of consolidating the lands into
11 a contiguous block suitable for the production of solar en-
12 ergy for use in a trade or business.

13 “(b) HIGH SOLARITY DISTURBED PRIVATE LAND.—
14 The term ‘high solarity disturbed private land’ means real
15 property which—

16 “(1) is located in the United States,

17 “(2) was acquired in units that averaged less
18 than 100 contiguous acres from any private person,

19 “(3) is in a location identified on the July 2007
20 Concentrating Solar Power Resources Maps pub-
21 lished by the National Renewable Energy Labora-
22 tory as—

23 “(A) having a solar resource of 7 kwh per
24 square meter per year or higher, at 3 percent
25 or less grade, and

1 “(B) outside of a sensitive environmental
2 or urban area,

3 “(4) was previously disturbed either by residen-
4 tial or retail development, agriculture, industrial use,
5 mining, or other mechanical disturbance, and

6 “(5) will be primarily used for generating solar
7 electricity from property which is described in sec-
8 tion 48(a)(3)(A)(i) within 5 years of the date of pur-
9 chase.

10 “(c) REDUCTION IN BASIS.—If a credit is determined
11 under this section with respect to any property by reason
12 of expenditures described in subsection (a), the basis of
13 such property shall be reduced by the amount of the credit
14 so determined.

15 “(d) PROPERTY USED BY TAX-EXEMPT PERSONS.—
16 For purposes of this section, rules similar to the rules of
17 paragraphs (3) and (4) of section 50(b) shall apply.

18 “(e) RECAPTURE IN CASE OF DISPOSITION.—The
19 Secretary shall provide for the recapture of the amount
20 of any credit allowed under this section if the property
21 is not used for the production of solar energy in a trade
22 or business within 5 years of the date of purchase.”.

23 (b) CREDIT ALLOWED AS BUSINESS CREDIT.—Sec-
24 tion 38(b) of such Code is amended by striking “plus”
25 at the end of paragraph (35), by striking the period at

1 the end of paragraph (36) and inserting “, plus”, and by
2 adding at the end the following new paragraph:

3 “(37) the high solarity disturbed private land
4 consolidation credit determined under section
5 45S(a).”.

6 (c) BASIS ADJUSTMENT.—Section 1016(a) of such
7 Code is amended by striking “and” at the end of para-
8 graph (36), by striking the period at the end of paragraph
9 (37) and inserting “, and”, and by adding at the end the
10 following:

11 “(38) in the case of a facility with respect to
12 which a credit was allowed under section 45S, to the
13 extent provided in section 45S(c).”.

14 (d) CLERICAL AMENDMENT.—The table of sections
15 for subpart D of part IV of subchapter A of chapter 1
16 of the Internal Revenue Code of 1986 is amended by add-
17 ing at the end the following new item:

“Sec. 45S. High solarity disturbed private land consolidation
credit.”.

18 (e) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 the date of the enactment of this Act.

1 **SEC. 6. ENERGY CREDIT ALLOWED FOR WATER HEATERS**
2 **IN POOLS LOCATED ON COMMERCIAL PROP-**
3 **ERTY.**

4 (a) **IN GENERAL.**—Section 48(a)(3)(A)(i) of the In-
5 ternal Revenue Code of 1986 is amended by inserting “lo-
6 cated at a single family residence” after “swimming pool”.

7 (b) **EFFECTIVE DATE.**—The amendment made by
8 this section shall apply to property placed in service after
9 the date of the enactment of this Act.

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