

111TH CONGRESS
1ST SESSION

S. 1643

To amend the Internal Revenue Code of 1986 to allow a credit for the conversion of heating using oil fuel to using natural gas or biomass feedstocks, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 6, 2009

Ms. SNOWE (for herself and Mr. BINGAMAN) 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 allow a credit for the conversion of heating using oil fuel to using natural gas or biomass feedstocks, 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 “Cleaner, Secure, and
5 Affordable Thermal Energy Act”.

1 **SEC. 2. CREDIT FOR CONVERSION OF HOME HEATING**
 2 **USING OIL FUEL TO USING NATURAL GAS OR**
 3 **BIOMASS FEEDSTOCKS.**

4 (a) **IN GENERAL.**—Subsection (a) of section 25C of
 5 the Internal Revenue Code of 1986 (relating to nonbusi-
 6 ness energy property) is amended by striking “and” at
 7 the end of paragraph (1), by striking the period at the
 8 end of paragraph (2) and inserting “, and”, and by adding
 9 at the end the following new paragraph:

10 “(3) the amount of the residential energy prop-
 11 erty expenditures paid or incurred by the taxpayer
 12 during such taxable in a qualifying heating conver-
 13 sion.”.

14 (b) **DOLLAR LIMITATION.**—

15 (1) **IN GENERAL.**—Subsection (b) of section
 16 25C of the Internal Revenue Code of 1986 is
 17 amended to read as follows:

18 “(b) **LIMITATIONS.**—

19 “(1) **GENERAL LIMITATION.**—The aggregate
 20 amount of the credits allowed under this section by
 21 reason of paragraphs (1) and (2) of subsection (a)
 22 for taxable years beginning in 2009 and 2010 with
 23 respect to any taxpayer shall not exceed \$1,500.

24 “(2) **QUALIFYING HEATING CONVERSIONS.**—
 25 The aggregate amount of the credits allowed under
 26 this section by reason of paragraph (3) of subsection

1 (a) for taxable years beginning in 2009, 2010, and
2 2011 with respect to any taxpayer shall not exceed
3 \$3,500 (\$4,000 in the case of any qualifying heating
4 conversion using biomass heating appliances de-
5 scribed in subsection (d)(3)(E)).”.

6 (2) NO DOUBLE COUNTING.—Section 25C(e) of
7 such Code (relating to special rules) is amended by
8 adding at the end the following new paragraph:

9 “(3) NO DOUBLE COUNTING.—No amount
10 taken into account for purposes of determining a
11 credit under this section by reason of paragraph (3)
12 of subsection (a) shall be taken into account for pur-
13 poses of determining a credit under this section by
14 reason of paragraphs (1) and (2) of subsection (a).”.

15 (c) QUALIFYING HEATING CONVERSION.—Section
16 25C(d) of the Internal Revenue Code of 1986 (relating
17 to residential energy property expenditures) is amended
18 by adding at the end the following new paragraph:

19 “(7) QUALIFYING HEATING CONVERSION.—
20 “(A) IN GENERAL.—The term ‘qualifying
21 heating conversion’ means the use of qualified
22 energy property described in subparagraph (C)
23 to eliminate the reliance on fuel oil for a heat-
24 ing system and the removal of the fuel oil
25 equipment (including any storage tank).

1 “(B) TREATMENT OF CERTAIN EXPENDI-
2 TURES.—For purposes of a qualifying heating
3 conversion, the term ‘residential energy prop-
4 erty expenditures’ includes fuel service connec-
5 tion installation costs specifically related to fuel
6 service to the qualified energy property used in
7 such conversion, but does not include expendi-
8 tures for soil cleanup.

9 “(C) QUALIFIED ENERGY PROPERTY.—For
10 purposes of subparagraph (A), qualified energy
11 property is described in this subparagraph if
12 such property is—

13 “(i) a qualified natural gas hot water
14 boiler as defined in paragraph (4)(B) by
15 substituting ‘85 percent’ for ‘90 percent’,

16 “(ii) a qualified natural gas furnace
17 as defined in paragraph (4)(A) by sub-
18 stituting ‘92 percent’ for ‘95 percent’, or

19 “(iii) a biomass heating appliance de-
20 scribed in paragraph (3)(E).”.

21 (d) BIOMASS HEATING APPLIANCE.—Subparagraph
22 (E) of section 25C(d)(3) of the Internal Revenue Code of
23 1986 (defining energy-efficient building property) is
24 amended to read as follows:

1 “(E) a biomass heating appliance, includ-
2 ing a stove, boiler, or furnace, which uses the
3 burning of biomass fuel to heat a unit or to
4 heat water for use in such unit, and which has
5 a thermal efficiency rating of at least 75 per-
6 cent, as measured using a lower heating
7 value.”.

8 (e) APPLICATION OF CREDIT.—Subsection (g) of sec-
9 tion 25C of the Internal Revenue Code of 1986 (relating
10 to termination) is amended to read as follows:

11 “(g) TERMINATION.—This section shall not apply
12 with respect to any property placed in service—

13 “(1) except as provided in paragraph (2), after
14 December 31, 2010, and

15 “(2) with respect to any qualifying heating con-
16 version, after December 31, 2011.”.

17 (f) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to property placed in service after
19 the date of the enactment of this Act.

20 **SEC. 3. BONUS DEPRECIATION FOR QUALIFYING HEATING**
21 **CONVERSION PROPERTY.**

22 (a) IN GENERAL.—Section 168 of the Internal Rev-
23 enue Code of 1986 (relating to accelerated cost recovery
24 system) is amended by adding at the end the following
25 new subsection:

1 “(o) SPECIAL ALLOWANCE FOR QUALIFYING HEAT-
2 ING CONVERSION PROPERTY.—

3 “(1) IN GENERAL.—In the case of any quali-
4 fying heating conversion property—

5 “(A) the depreciation deduction provided
6 by section 167(a) for the taxable year in which
7 such property is placed in service shall include
8 an allowance equal to 50 percent of the ad-
9 justed basis of the qualifying heating conversion
10 property, and

11 “(B) the adjusted basis of the qualifying
12 heating conversion property shall be reduced by
13 the amount of such deduction before computing
14 the amount otherwise allowable as a deprecia-
15 tion deduction under this chapter for such tax-
16 able year and any subsequent taxable year.

17 “(2) QUALIFYING HEATING CONVERSION PROP-
18 ERTY.—For purposes of this subsection, the term
19 ‘qualifying heating conversion property’ means any
20 property placed in service before January 1, 2012,
21 which is used in a qualifying heating conversion (as
22 defined in section 25C(d)(7), except that such con-
23 version includes the use of a commercial natural gas
24 hot water boiler or commercial natural gas furnace
25 whose efficiency is not measured based on an annual

1 fuel utilization efficiency rate but which has a com-
2 bustion efficiency comparable to the efficiency rate
3 specified under clause (i) or (ii) of section
4 25C(d)(7)(C) as the Secretary shall determine (in
5 consultation with the Department of Energy)).”.

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

9 **SEC. 4. QUALIFIED ENERGY CONSERVATION BONDS FOR**
10 **QUALIFYING HEATING CONVERSIONS.**

11 (a) IN GENERAL.—Clause (i) of section 54D(f)(1)(A)
12 of the Internal Revenue Code of 1986 (defining qualified
13 conservation purpose) is amended by inserting “or reduc-
14 ing reliance on oil for heating systems in publicly-owned
15 buildings by implementing qualifying heating conversions
16 (as defined in section 25C(d)(7), except that such a con-
17 version includes the use of a commercial natural gas hot
18 water boiler or commercial natural gas furnace whose effi-
19 ciency is not measured based on an annual fuel utilization
20 efficiency rate but which has a combustion efficiency com-
21 parable to the efficiency rate specified under clause (i) or
22 (ii) of section 25C(d)(7)(C) as the Secretary shall deter-
23 mine (in consultation with the Department of Energy))”
24 after “20 percent”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to obligations issued after the date
 3 of the enactment of this Act.

4 **SEC. 5. EXTENSION OF REDUCED DEPRECIATION PERIOD**
 5 **FOR NATURAL GAS DISTRIBUTION FACILI-**
 6 **TIES.**

7 (a) IN GENERAL.—Clause (viii) of section
 8 168(e)(3)(E) of the Internal Revenue Code of 1986 (defin-
 9 ing 15-year property) is amended to read as follows:

10 “(viii) any natural gas distribution fa-
 11 cility the original use of which commences
 12 with the taxpayer after April 11, 2005,
 13 and which is placed in service before Janu-
 14 ary 1, 2013, and”.

15 (b) EFFECTIVE DATE.—The amendment made by
 16 this section shall take effect as if included in the amend-
 17 ments made section 1325(a) of the Energy Tax Incentives
 18 Act of 2005.

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