

113TH CONGRESS  
1ST SESSION

# S. 1225

To amend the Internal Revenue Code of 1986 to provide that solar energy property need not be located on the property with respect to which it is generating electricity in order to qualify for the residential energy efficient property credit.

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IN THE SENATE OF THE UNITED STATES

JUNE 26, 2013

Mr. UDALL of Colorado introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide that solar energy property need not be located on the property with respect to which it is generating electricity in order to qualify for the residential energy efficient property credit.

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 “Solar Uniting Neigh-  
5 borhoods (SUN) Act of 2013”.

1 **SEC. 2. CLARIFICATION WITH RESPECT TO LOCATION OF**  
2 **SOLAR ELECTRIC PROPERTY.**

3 (a) IN GENERAL.—Paragraph (2) of section 25D(d)  
4 of the Internal Revenue Code of 1986 is amended to read  
5 as follows:

6 “(2) QUALIFIED SOLAR ELECTRIC PROPERTY  
7 EXPENDITURE.—

8 “(A) IN GENERAL.—The term ‘qualified  
9 solar electric property expenditure’ means an  
10 expenditure for property which uses solar en-  
11 ergy to generate electricity—

12 “(i) for use in a dwelling unit located  
13 in the United States and used as a resi-  
14 dence by the taxpayer, or

15 “(ii) which enters the electrical grid at  
16 any point which is not more than 50 miles  
17 from the point at which such a dwelling  
18 unit used as a residence by the taxpayer is  
19 connected to such grid, but only if such  
20 property is not used in a trade or business  
21 of the taxpayer or in an activity with re-  
22 spect to which a deduction is allowed to  
23 the taxpayer under section 162 or para-  
24 graph (1) or (2) of section 212.

25 “(B) RECAPTURE.—The Secretary may  
26 provide for the recapture of the credit under

1           this subsection with respect to any property de-  
 2           scribed in clause (ii) of subparagraph (A) which  
 3           ceases to satisfy the requirements of such  
 4           clause.”.

5           **(b) LIMITATION WITH RESPECT TO OFF-SITE SOLAR**  
 6 **PROPERTY.**—Subsection (b) of section 25D of the Internal  
 7 Revenue Code of 1986 is amended by adding at the end  
 8 the following new paragraph:

9           **“(3) MAXIMUM CREDIT FOR OFF-SITE SOLAR**  
 10 **PROPERTY.**—In the case of any qualified solar elec-  
 11 tric property expenditure which is such an expendi-  
 12 ture by reason of clause (ii) of subsection (d)(2)(A),  
 13 the credit allowed under subsection (a) (determined  
 14 without regard to subsection (c)) for any taxable  
 15 year with respect to all such expenditures shall not  
 16 exceed \$50,000.”.

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

20 **SEC. 3. CLARIFICATION WITH RESPECT TO LOCATION OF**  
 21 **SOLAR WATER HEATING PROPERTY.**

22           **(a) IN GENERAL.**—Section 25D(d)(1) of the Internal  
 23 Revenue Code of 1986 is amended—

24           (1) by striking “The term” and inserting the  
 25           following:

1 “(A) IN GENERAL.—The term”, and

2 (2) by adding at the end the following new sub-  
3 paragraph:

4 “(B) OFF-SITE PROPERTY.—

5 “(i) IN GENERAL.—Such term shall  
6 include an expenditure for property de-  
7 scribed in subparagraph (A) notwith-  
8 standing—

9 “(I) whether such property is lo-  
10 cated on the same site as the dwelling  
11 unit for which the energy generated  
12 from such property is used, and

13 “(II) whether the energy gen-  
14 erated by such property displaces the  
15 energy used to heat the water load or  
16 space heating load for the dwelling, so  
17 long as any such displacement from  
18 such property occurs not more than  
19 50 miles from such dwelling unit,

20 but only if such property is not used in a  
21 trade or business of the taxpayer or in an  
22 activity with respect to which a deduction  
23 is allowed to the taxpayer under section  
24 162 or paragraph (1) or (2) of section  
25 212.

1                   “(ii) RECAPTURE.—The Secretary  
2                   may provide for the recapture of the credit  
3                   under this subsection with respect to any  
4                   property described in clause (i) which  
5                   ceases to satisfy the requirements of such  
6                   clause.”.

7           (b) LIMITATION WITH RESPECT TO OFF-SITE SOLAR  
8 PROPERTY.—Paragraph (3) of section 25D(b) of the In-  
9 ternal Revenue Code of 1986, as added by section 2, is  
10 amended to read as follows:

11                   “(3) MAXIMUM CREDIT FOR OFF-SITE SOLAR  
12                   PROPERTY.—In the case of—

13                   “(A) any qualified solar electric property  
14                   expenditure which is such an expenditure by  
15                   reason of clause (ii) of subsection (d)(2)(A),  
16                   and

17                   “(B) any qualified solar water heating  
18                   property expenditure which is such an expendi-  
19                   ture by reason of subparagraph (B) of sub-  
20                   section (d)(1),

21                   the credit allowed under subsection (a) (determined  
22                   without regard to subsection (c)) for any taxable  
23                   year with respect to all such expenditures shall not  
24                   exceed \$50,000.”.

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

4 **SEC. 4. EXCLUSION OF INCOME FROM QUALIFYING SALES.**

5 (a) IN GENERAL.—Part III of subchapter B of chap-  
 6 ter 1 is amended by inserting before section 140 the fol-  
 7 lowing new section:

8 **“SEC. 139E. INCOME FROM QUALIFYING SALES OF SOLAR**  
 9 **ELECTRICITY.**

10 “For any taxable year, gross income of any person  
 11 shall not include any gain from the sale or exchange to  
 12 the electrical grid during such taxable year of electricity  
 13 which is generated by property with respect to which any  
 14 qualified solar electric property expenditures are eligible  
 15 to be taken into account under section 25D, but only to  
 16 the extent such gain does not exceed the value of the elec-  
 17 tricity used at such residence during such taxable year.”.

18 (b) CLERICAL AMENDMENT.—The table of sections  
 19 for part III of subchapter B of chapter 1 of such Code  
 20 is amended by inserting before the item relating to section  
 21 140 the following new item:

“Sec. 139E. Income from qualifying sales of solar electricity.”.

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