

116TH CONGRESS
2D SESSION

H. R. 8930

To amend the Internal Revenue Code of 1986 to allow 10-year straight line depreciation for energy efficient qualified improvement property, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 9, 2020

Mr. SCHNEIDER (for himself and Mr. RICE of South Carolina) 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 allow 10-year straight line depreciation for energy efficient qualified improvement property, 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 “Energy Efficient
5 Qualified Improvement Property Act of 2020” or the “E-
6 QUIP Act”.

1 **SEC. 2. DEPRECIATION OF ENERGY EFFICIENT QUALIFIED**
 2 **IMPROVEMENT PROPERTY.**

3 (a) 10-YEAR PROPERTY.—Section 168(e)(3)(D) of
 4 the Internal Revenue Code of 1986 is amended by striking
 5 “and” at the end of clause (iii), by striking the period
 6 at the end of clause (iv) and inserting “, and”, and by
 7 adding at the end the following new clause:

8 “(vi) energy efficient qualified im-
 9 provement property.”.

10 (b) STRAIGHT LINE METHOD.—Section 168(b)(3) of
 11 such Code is amended by adding at the end the following
 12 new subparagraph:

13 “(H) Energy efficient qualified improve-
 14 ment property described in subsection (e)(7).”.

15 (c) ENERGY EFFICIENT QUALIFIED IMPROVEMENT
 16 PROPERTY DEFINED.—Section 168(e) of such Code is
 17 amended by adding at the end the following new para-
 18 graph:

19 “(7) ENERGY EFFICIENT QUALIFIED IMPROVE-
 20 MENT PROPERTY.—

21 “(A) IN GENERAL.—The term ‘energy effi-
 22 cient qualified improvement property’ means
 23 any improvement—

24 “(i) to a building which is nonresiden-
 25 tial real property, or multifamily residen-
 26 tial rental property, first placed in service

1 more than 10 years before the date of the
2 enactment of this subparagraph,

3 “(ii) which is installed as part of—

4 “(I) the lighting system,

5 “(II) the heating, cooling, ven-
6 tilation, or hot water systems, or

7 “(III) the building envelope,

8 “(iii) which meets the performance re-
9 quirements of subparagraph (B),

10 “(iv) which, in the case of an improve-
11 ment described in subclause (I) or (II) of
12 clause (ii)—

13 “(I) is audited, commissioned, or
14 managed by a professional with a cre-
15 dential that is recognized by the De-
16 partment of Energy through its Bet-
17 ter Buildings Workforce Guidelines,
18 and

19 “(II) is subject to an ongoing op-
20 erations and maintenance plan under
21 such certification during the applica-
22 ble recovery period,

23 “(v) which, in the case of an improve-
24 ment described in clause (ii)(III), the de-
25 sign and installation has been completed,

1 observed, or approved by an individual
2 qualified by industry-recognized profes-
3 sional credential programs in building en-
4 velope quality assurance, as identified by
5 the Secretary of Energy (following an op-
6 portunity for, and consideration of, public
7 input), and

8 “(vi) which is placed in service before
9 January 1, 2026, and

10 “(vii) with respect to which the tax-
11 payer elects the application of this sub-
12 paragraph.

13 “(B) PERFORMANCE REQUIREMENTS.—An
14 improvement meets the performance require-
15 ments of this subparagraph if—

16 “(i) in the case of lighting, it meets
17 the lighting power allowances, densities,
18 and control specifications in the prescrip-
19 tive option of the International Green Con-
20 struction Code (2018),

21 “(ii) in the case of a unitary air-
22 cooled air conditioner, it meets or exceeds
23 Consortium for Energy Efficiency Tier 2,
24 as in effect on January 1, 2019,

1 “(iii) in the case of a unitary water-
2 cooled and evaporatively cooled air condi-
3 tioner, it meets or exceeds Consortium for
4 Energy Efficiency Tier 1, as in effect on
5 January 1, 2019,

6 “(iv) in the case of a unitary heat
7 pump—

8 “(I) with a capacity of less than
9 65,000 Btu per hour, it meets or ex-
10 ceeds Consortium for Energy Effi-
11 ciency Tier 2, as in effect on January
12 1, 2019, or

13 “(II) with a capacity of 65,000
14 Btu per hour or greater, it meets or
15 exceeds Consortium of Energy Effi-
16 ciency Tier 1, as in effect on January
17 1, 2019,

18 “(v) in the case of a variable refrig-
19 erant flow multisplit air conditioner or
20 variable refrigerant flow multisplit heat
21 pump—

22 “(I) with a capacity of less than
23 65,000 Btu per hour, it meets or ex-
24 ceeds Consortium for Energy Effi-

1 ciency Tier 2, as in effect on January
2 12, 2016, or

3 “(II) with a capacity of 65,000
4 Btu per hour or greater, it meets or
5 exceeds Consortium of Energy Effi-
6 ciency Tier 1, as in effect on January
7 12, 2016,

8 “(vi) in the case of a boiler, it meets
9 or exceeds Consortium for Energy Effi-
10 ciency Tier 1, as in effect on September 1,
11 2015,

12 “(vii) in the case of a hot water heat-
13 er—

14 “(I) that is gas-fired, it meets or
15 exceeds Consortium of Energy Effi-
16 ciency Tier 1, as in effect on June 5,
17 2012, or

18 “(II) that runs on electricity, it
19 has a Coefficient of Performance of 3
20 or more,

21 “(viii) in the case of a water-cooled
22 centrifugal chiller package, it meets the
23 prescriptive option of the International
24 Green Construction Code (2018),

1 “(ix) in the case of insulation for
2 heating and cooling supply and return
3 ducts, it meets the prescriptive option for
4 duct insulation of the International Green
5 Construction Code (2018) and its applica-
6 ble Normative Appendix,

7 “(x) in the case of roofing, walls, and
8 associated insulation, it meets the prescrip-
9 tive option for building envelope opaque
10 elements of the International Green Con-
11 struction Code (2018) and its applicable
12 Normative Appendix,

13 “(xi) in the case of windows and sky-
14 lights, they meet the prescriptive option for
15 building envelope fenestration and sky-
16 lights of the International Green Construc-
17 tion Code (2018) and its applicable Nor-
18 mative Appendix,

19 “(xii) in the case of sensors and con-
20 trols, it is a device that automatically con-
21 trols the operation of other qualified equip-
22 ment without manual operation of a
23 switch, using technology such as motion or
24 occupancy detection, infrared, ultrasonic,
25 microwave, audio-based, image-processing,

1 temperature, humidity, time-scheduling, bi-
 2 level, or demand-response, and

3 “(xiii) in the case of a variable speed
 4 or frequency drive, it is a drive—

5 “(I) added to adjust the speed
 6 and torque of an operational motor
 7 that powers pump, fan, exhaust, ven-
 8 tilation, air-handling, or compressor
 9 equipment, and

10 “(II) controlled automatically by
 11 a building automation system, process
 12 control system, or local controller
 13 driven by differential pressure flow,
 14 temperature or another variable sig-
 15 nal.”.

16 (d) ALTERNATIVE DEPRECIATION SYSTEM.—The
 17 table in section 168(g)(3)(B) of such Code is amended by
 18 inserting after the item relating to subparagraph (D)(v)
 19 the following new item:

“(D)(vi) 10”.

20 (e) EFFECTIVE DATE.—The amendments made by
 21 this section shall apply to property placed in service after
 22 December 31, 2020.

1 **SEC. 3. REPORT RELATING TO DEPRECIATION OF ENERGY**
2 **EFFICIENT QUALIFIED IMPROVEMENT PROP-**
3 **ERTY.**

4 (a) IN GENERAL.—Not later than 30 days after the
5 date that is 3 years after the date of the enactment of
6 this Act, the Secretary of the Treasury, in consultation
7 with the Secretary of Energy, shall submit to Congress
8 a report on energy efficient qualified improvement prop-
9 erty (as defined in section 168(e)(7) of the Internal Rev-
10 enue Code of 1986).

11 (b) CONTENTS.—Such report shall include the fol-
12 lowing:

13 (1) The number of times over such 3-year pe-
14 riod energy efficient qualified improvement property
15 was placed in service and treated as 10-year prop-
16 erty under section 168(e)(3)(D) of such Code.

17 (2) A summary of the types of such energy effi-
18 cient qualified improvement property placed in serv-
19 ice during such period.

20 (3) An estimate of the energy use savings, and
21 reduction in greenhouse gas emissions, attributable
22 to such property.

23 (4) An estimate of the number of jobs created
24 which are attributable to the enactment of the En-
25 ergy Efficient Qualified Improvement Property Act
26 of 2020.

- 1 (5) Any recommendations for updated efficiency
- 2 requirements for energy efficient qualified improve-
- 3 ment property or rules for the depreciation thereof.

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