

105TH CONGRESS
2D SESSION

H. R. 4626

To amend the Internal Revenue Code of 1986 to provide individuals a credit against income tax for the purchase of a new energy efficient affordable home and of energy efficiency improvements to an existing home.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 24, 1998

Mr. THOMAS 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 individuals a credit against income tax for the purchase of a new energy efficient affordable home and of energy efficiency improvements to an existing home.

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 Af-
5 fordable Home Act of 1998”.

1 **SEC. 2. CREDIT FOR PURCHASE OF NEW ENERGY EFFI-**
2 **CIENT HOME AND OF ENERGY EFFICIENCY**
3 **IMPROVEMENTS TO EXISTING HOMES.**

4 (a) IN GENERAL.—Subpart A of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 (relating to nonrefundable personal credits) is
7 amended by inserting after section 25A the following new
8 section:

9 **“SEC. 25B. PURCHASE OF NEW ENERGY EFFICIENT HOME**
10 **AND OF ENERGY EFFICIENCY IMPROVE-**
11 **MENTS TO EXISTING HOMES.**

12 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
13 dividual, there shall be allowed as a credit against the tax
14 imposed by this chapter for the taxable year an amount
15 equal to—

16 “(1) the purchase price of each new energy effi-
17 cient dwelling purchased by the taxpayer during the
18 taxable year, and

19 “(2) 20 percent of the cost paid or incurred by
20 the taxpayer for qualified energy efficiency improve-
21 ments installed during such taxable year.

22 “(b) LIMITATIONS.—

23 “(1) MAXIMUM CREDIT.—The credit allowed by
24 this section with respect to a dwelling shall not ex-
25 ceed \$2,000.

1 “(2) PRIOR CREDIT AMOUNTS FOR TAXPAYER
2 ON SAME DWELLING TAKEN INTO ACCOUNT.—If a
3 credit was allowed to the taxpayer under subsection
4 (a) with respect to a dwelling in 1 or more prior tax-
5 able years, the amount of the credit otherwise allow-
6 able for the taxable year with respect to that dwell-
7 ing shall not exceed the amount of \$2,000 reduced
8 by the sum of the credits allowed under subsection
9 (a) to the taxpayer with respect to the dwelling for
10 all prior taxable years.

11 “(c) CARRYFORWARD OF UNUSED CREDIT.—If the
12 credit allowable under subsection (a) exceeds the limita-
13 tion imposed by section 26(a) for such taxable year re-
14 duced by the sum of the credits allowable under subpart
15 A of part IV of subchapter A (other than this section),
16 such excess shall be carried to the succeeding taxable year
17 and added to the credit allowable under subsection (a) for
18 such taxable year.

19 “(d) DEFINITIONS.—For purposes of this section—

20 “(1) NEW ENERGY EFFICIENT DWELLING.—

21 The term ‘new energy efficient dwelling’ means a
22 dwelling—

23 “(A) located in the United States,

1 “(B) owned and used by the taxpayer as
2 the taxpayer’s principal residence (within the
3 meaning of section 121),

4 “(C) the construction of which is substan-
5 tially completed after December 31, 1998,

6 “(D) the original use of which commences
7 with the taxpayer, and

8 “(E) which is certified to exceed by 30 per-
9 cent or more the applicable standards for en-
10 ergy efficiency based upon energy use or build-
11 ing component performance established for
12 comparable dwellings under the applicable
13 Model Energy Code (promulgated by the Coun-
14 cil of American Building Officials) or to exceed
15 such alternative standards for energy efficiency
16 as the Secretary may prescribe in consultation
17 with the Secretary of Energy.

18 “(2) PURCHASE PRICE.—The term ‘purchase
19 price’ means the adjusted basis of the dwelling on
20 the date of its acquisition by the taxpayer.

21 “(3) QUALIFIED ENERGY EFFICIENCY IM-
22 PROVEMENTS.—The term ‘qualified energy efficiency
23 improvements’ means any energy efficient building
24 envelope component, and any high energy efficiency
25 heating or cooling appliance, if—

1 “(A) such component or appliance is in-
2 stalled in or on a dwelling—

3 “(i) located in the United States, and

4 “(ii) owned and used by the taxpayer
5 as the taxpayer’s principal residence (with-
6 in the meaning of section 121),

7 “(B) the original use of such component or
8 appliance commences with the taxpayer, and

9 “(C) such component or appliance reason-
10 ably can be expected to remain in use for at
11 least 5 years.

12 “(4) ENERGY EFFICIENT BUILDING ENVELOPE
13 COMPONENT.—The term ‘energy efficient building
14 envelope component’ means—

15 “(A) insulation material which is specifi-
16 cally and primarily designed to reduce, when in-
17 stalled in or on a dwelling, the heat loss or gain
18 of such dwelling,

19 “(B) exterior windows that are certified to
20 equal or exceed the applicable standards for en-
21 ergy efficiency (as determined by the National
22 Fenestration Rating Council or similar body),
23 and

1 “(C) such other components of the build-
2 ing envelope as the Secretary may prescribe in
3 consultation with the Secretary of Energy.

4 “(5) HIGH ENERGY EFFICIENCY HEATING OR
5 COOLING APPLIANCE.—The term ‘high energy effi-
6 ciency heating or cooling appliance’ means mechani-
7 cal heating or cooling equipment (including a hot
8 water heater) which is certified by the manufacturer
9 as having an energy efficiency rating that equals or
10 exceeds 150 percent of the applicable minimum en-
11 ergy efficiency standard established under the Na-
12 tional Appliance Energy Conservation Act of 1987
13 (Public Law 100–12).

14 “(e) CERTIFICATION.—

15 “(1) NEW DWELLING CERTIFICATIONS.—A cer-
16 tification described in subsection (d)(1)(E) with re-
17 spect to a dwelling shall be made by the person who
18 constructed the dwelling or by a local building regu-
19 latory authority.

20 “(2) WINDOWS.—A certification described in
21 subsection (d)(4)(B) with respect to a window shall
22 be made by the person who sold or installed the win-
23 dow.

24 “(3) FORM OF CERTIFICATIONS.—Certifications
25 referred to in this subsection shall be in such form

1 as the Secretary shall prescribe, and, except in the
2 case of a certification by a representative of a local
3 building regulatory authority, shall include the tax-
4 payer identification number of the person making
5 the certification.

6 “(f) SPECIAL RULES.—

7 “(1) TENANT-STOCKHOLDER IN COOPERATIVE
8 HOUSING CORPORATION.—In the case of an individ-
9 ual who is a tenant-stockholder (as defined in sec-
10 tion 216) in a cooperative housing corporation (as
11 defined in such section), such individual shall be
12 treated as having paid his tenant-stockholder’s pro-
13 portionate share (as defined in section 216(b)(3)) of
14 the cost of qualified energy efficiency improvements
15 made by such corporation.

16 “(2) CONDOMINIUMS.—

17 “(A) IN GENERAL.—In the case of an indi-
18 vidual who is a member of a condominium man-
19 agement association with respect to a con-
20 dominium which he owns, such individual shall
21 be treated as having paid his proportionate
22 share of the cost of qualified energy efficiency
23 improvements made by such association.

24 “(B) CONDOMINIUM MANAGEMENT ASSO-
25 CIATION.—For purposes of this paragraph, the

1 term ‘condominium management association’
2 means an organization which meets the require-
3 ments of paragraph (1) of section 528(c) (other
4 than subparagraph (E) thereof) with respect to
5 a condominium project substantially all of the
6 units of which are used as residences.

7 “(g) BASIS ADJUSTMENT.—For purposes of this sub-
8 title, if a credit is allowed under this section for any ex-
9 penditure with respect to any property, the increase in the
10 basis of such property which would (but for this sub-
11 section) result from such expenditure shall be reduced by
12 the amount of the credit so allowed.

13 “(h) EFFECTIVE DATE.—Subsection (a)(1) shall
14 apply to dwellings purchased during the period beginning
15 on January 1, 1999, and ending on December 31, 2003,
16 and subsection (a)(2) shall apply to qualified energy effi-
17 ciency improvements installed during such period.”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Subsection (c) of section 23 of such Code
20 is amended by inserting “, section 25B, and section
21 1400C” after “other than this section”.

22 (2) Subparagraph (C) of section 25(e)(1) of
23 such Code is amended by striking “section 23” and
24 inserting “sections 23, 25B, and 1400C”.

1 (3) Subsection (d) of section 1400C of such
2 Code is amended by inserting “and section 25B”
3 after “other than this section”.

4 (4) Subsection (a) of section 1016 of such Code
5 is amended by striking “and” at the end of para-
6 graph (26), by striking the period at the end of
7 paragraph (27) and inserting “; and”, and by add-
8 ing at the end the following new paragraph:

9 “(28) to the extent provided in section 25B(g),
10 in the case of amounts with respect to which a credit
11 has been allowed under section 25B.”.

12 (5) The table of sections for subpart A of part
13 IV of subchapter A of chapter 1 of such Code is
14 amended by inserting after the item relating to sec-
15 tion 25A the following new item:

 “Sec. 25B. Purchase of new energy efficient home and of energy
 efficiency improvements to existing homes.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years ending after
18 December 31, 1998.

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