

110TH CONGRESS  
1ST SESSION

# S. 1525

To amend the Internal Revenue Code of 1986 to modify the energy efficient appliance credit for appliances produced after 2007.

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IN THE SENATE OF THE UNITED STATES

MAY 24, 2007

Mr. SMITH (for himself, Mrs. LINCOLN, Ms. CANTWELL, and Ms. SNOWE) 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 modify the energy efficient appliance credit for appliances produced after 2007.

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 “Super-Efficient Appli-  
5 ance Incentives and Market Transformation Act of 2007”.

1 **SEC. 2. MODIFICATIONS OF ENERGY EFFICIENT APPLI-**  
2 **ANCE CREDIT FOR APPLIANCES PRODUCED**  
3 **AFTER 2007.**

4 (a) IN GENERAL.—Section 45M of the Internal Rev-  
5 enue Code of 1986 is amended to read as follows:

6 **“SEC. 45M. ENERGY EFFICIENT APPLIANCE CREDIT.**

7 “(a) GENERAL RULE.—

8 “(1) IN GENERAL.—For purposes of section 38,  
9 the energy efficient appliance credit determined  
10 under this section for any taxable year is an amount  
11 equal to the sum of the credit amounts determined  
12 under paragraph (2) for each type of qualified en-  
13 ergy efficient appliance produced by the taxpayer  
14 during the calendar year ending with or within the  
15 taxable year.

16 “(2) CREDIT AMOUNTS.—The credit amount  
17 determined for any type of qualified energy efficient  
18 appliance is—

19 “(A) the applicable amount determined  
20 under subsection (b) with respect to such type,  
21 multiplied by

22 “(B) the eligible production for such type.

23 “(b) APPLICABLE AMOUNT.—For purposes of sub-  
24 section (a)—

25 “(1) DISHWASHERS.—The applicable amount  
26 is—

1           “(A) \$45 in the case of a residential model  
2           dishwasher which—

3                   “(i) is manufactured in calendar year  
4                   2008 or 2009, and

5                   “(ii) uses not more than 324 kilowatt  
6                   hours per year and 5.8 gallons per cycle,  
7                   and

8           “(B) \$75 in the case of a residential model  
9           dishwasher which—

10                   “(i) is manufactured in calendar year  
11                   2008, 2009, or 2010, and

12                   “(ii) uses not more than 307 kilowatt  
13                   hours per year and 5.0 gallons per cycle  
14                   (5.5 gallons for dishwashers designed for  
15                   greater than 12 place settings).

16           “(2) CLOTHES WASHERS.—The applicable  
17           amount is—

18                   “(A) \$75 in the case of a residential model  
19                   top-loading clothes washer which—

20                   “(i) is manufactured in calendar year  
21                   2008, and

22                   “(ii) meets or exceeds a 1.72 MEF  
23                   and does not exceed an 8.0 water con-  
24                   sumption factor,

1           “(B) \$125 in the case of a residential  
2 model top-loading clothes washer which—

3                   “(i) is manufactured in calendar year  
4 2008 or 2009, and

5                   “(ii) meets or exceeds a 1.8 MEF and  
6 does not exceed a 7.5 water consumption  
7 factor,

8           “(C) \$150 in the case of a residential or  
9 commercial model clothes washer which—

10                   “(i) is manufactured in calendar year  
11 2008, 2009, or 2010, and

12                   “(ii) meets or exceeds 2.0 MEF and  
13 does not exceed a 6.0 water consumption  
14 factor, and

15           “(D) \$250 in the case of a residential or  
16 commercial model clothes washer which—

17                   “(i) is manufactured in calendar year  
18 2008, 2009, or 2010, and

19                   “(ii) meets or exceeds 2.2 MEF and  
20 does not exceed a 4.5 water consumption  
21 factor.

22           “(3) REFRIGERATORS.—The applicable amount  
23 is—

24                   “(A) \$50 in the case of a residential model  
25 refrigerator which—

1           “(i) is manufactured in calendar year  
2           2008, and

3           “(ii) consumes at least 20 percent,  
4           but not more than 22.9 percent, less kilo-  
5           watt hours per year than the 2001 energy  
6           conservation standards,

7           “(B) \$75 in the case of a residential model  
8           refrigerator which—

9           “(i) is manufactured in calendar year  
10          2008 or 2009, and

11          “(ii) consumes at least 23 percent,  
12          but not more than 24.9 percent, less kilo-  
13          watt hours per year than the 2001 energy  
14          conservation standards,

15          “(C) \$100 in the case of a residential  
16          model refrigerator which—

17          “(i) is manufactured in calendar year  
18          2008, 2009, or 2010, and

19          “(ii) consumes at least 25 percent,  
20          but not more than 29.9 percent, less kilo-  
21          watt hours per year than the 2001 energy  
22          conservation standards, and

23          “(D) \$200 in the case of a residential  
24          model refrigerator which—

1           “(i) is manufactured in calendar year  
2           2008, 2009, or 2010, and

3           “(ii) consumes at least 30 percent less  
4           kilowatt hours per year than the 2001 en-  
5           ergy conservation standards.

6           “(4) DEHUMIDIFIERS.—The applicable amount  
7           is—

8           “(A) \$15 in the case of a dehumidifier  
9           which—

10           “(i) is manufactured in calendar year  
11           2008, and

12           “(ii) has a capacity less than or equal  
13           to 45 pints per day and is 7.5 percent  
14           more efficient than the applicable Depart-  
15           ment of Energy energy conservation stand-  
16           ard effective October 2012, and

17           “(B) \$25 in the case of a dehumidifier  
18           which—

19           “(i) is manufactured in calendar year  
20           2008, and

21           “(ii) has a capacity greater than 45  
22           pints per day and is 7.5 percent more effi-  
23           cient than such conservation standard.

1       “(c) ELIGIBLE PRODUCTION.—The eligible produc-  
2 tion in a calendar year with respect to each type of quali-  
3 fied energy efficient appliance is the excess of—

4           “(1) the number of appliances of such type  
5 which are produced by the taxpayer for sale within  
6 the United States during such calendar year, over

7           “(2) the average number of appliances of such  
8 type which were produced by the taxpayer (or any  
9 predecessor) for sale within the United States dur-  
10 ing the preceding 2-calendar year period.

11       “(d) TYPES OF QUALIFIED ENERGY EFFICIENT AP-  
12 PLIANCES.—For purposes of this section, the types of  
13 qualified energy efficient appliances are—

14           “(1) dishwashers described in subsection (b)(1),

15           “(2) clothes washers described in subsection  
16 (b)(2),

17           “(3) refrigerators described in subsection  
18 (b)(3), and

19           “(4) dehumidifiers described in subsection  
20 (b)(4).

21       “(e) LIMITATIONS.—

22           “(1) AGGREGATE CREDIT AMOUNT ALLOWED.—  
23 Except as provided in paragraph (2), the aggregate  
24 amount of credit allowed under subsection (a) with  
25 respect to a taxpayer for any taxable year shall not

1 exceed \$100,000,000 reduced by the amount of the  
2 credit allowed under subsection (a) to the taxpayer  
3 (or any predecessor) for all prior taxable years be-  
4 ginning after December 31, 2007.

5 “(2) AMOUNT ALLOWED FOR CERTAIN  
6 CLOTHES WASHERS AND REFRIGERATORS.—For  
7 purposes of paragraph (1), clothes washers described  
8 in subsection (b)(2)(D) and refrigerators described  
9 in subsection (b)(3)(D) shall not be taken into ac-  
10 count.

11 “(3) LIMITATION BASED ON GROSS RE-  
12 CEIPTS.—The credit allowed under subsection (a)  
13 with respect to a taxpayer for the taxable year shall  
14 not exceed an amount equal to 2 percent of the aver-  
15 age annual gross receipts of the taxpayer for the 3  
16 taxable years preceding the taxable year in which  
17 the credit is determined beginning after December  
18 31, 2007.

19 “(4) GROSS RECEIPTS.—For purposes of this  
20 subsection, the rules of paragraphs (2) and (3) of  
21 section 448(c) shall apply.

22 “(f) DEFINITIONS.—For purposes of this section:

23 “(1) DISHWASHER.—The term ‘dishwasher’  
24 means a dishwasher subject to the energy conserva-

1       tion standards established by the Department of En-  
2       ergy.

3           “(2) CLOTHES WASHER.—The term ‘clothes  
4       washer’ includes a clothes washer subject to the en-  
5       ergy conservation standards established by the De-  
6       partment of Energy.

7           “(3) TOP-LOADING CLOTHES WASHER.—The  
8       term ‘top-loading clothes washer’ means a clothes  
9       washer with the clothes container compartment ac-  
10      cess located on the top of the machine.

11          “(4) REFRIGERATOR.—The term ‘refrigerator’  
12      means an automatic defrost refrigerator-freezer  
13      which has an internal volume of at least 16.5 cubic  
14      feet.

15          “(5) DEHUMIDIFIER.—The term ‘dehumidifier’  
16      means a self-contained, electrically operated, and  
17      mechanically refrigerated encased assembly con-  
18      sisting of—

19           “(A) a refrigerated surface that condenses  
20      moisture from the atmosphere,

21           “(B) a refrigerating system, including an  
22      electric motor,

23           “(C) an air-circulating fan, and

24           “(D) means for collecting or disposing of  
25      condensate.

1           “(6) GALLONS PER CYCLE.—The term ‘gallons  
2 per cycle’ means the amount of water, expressed in  
3 gallons, required to complete a normal cycle of a  
4 dishwasher.

5           “(7) MEF.—The term ‘MEF’ means the modi-  
6 fied energy factor established by the Department of  
7 Energy for compliance with the Federal energy con-  
8 servation standard.

9           “(8) WATER CONSUMPTION FACTOR.—The  
10 term ‘water consumption factor’ means the quotient  
11 of the total weighted per-cycle water consumption di-  
12 vided by the cubic foot capacity of the clothes wash-  
13 er.

14           “(9) 2001 ENERGY CONSERVATION STAND-  
15 ARD.—The term ‘2001 energy conservation stand-  
16 ard’ means the energy conservation standards pro-  
17 mulgated by the Department of Energy and effective  
18 July 1, 2001.

19           “(g) SPECIAL RULES.—For purposes of this section:

20           “(1) IN GENERAL.—Rules similar to the rules  
21 of subsections (c), (d), and (e) of section 52 shall  
22 apply.

23           “(2) CONTROLLED GROUP.—

24           “(A) IN GENERAL.—All persons treated as  
25 a single employer under subsection (a) or (b) of

1 section 52 or subsection (m) or (o) of section  
2 414 shall be treated as a single producer.

3 “(B) INCLUSION OF FOREIGN CORPORA-  
4 TIONS.—For purposes of subparagraph (A), in  
5 applying subsections (a) and (b) of section 52  
6 to this section, section 1563 shall be applied  
7 without regard to subsection (b)(2)(C) thereof.

8 “(3) VERIFICATION.—No amount shall be al-  
9 lowed as a credit under subsection (a) with respect  
10 to which the taxpayer has not submitted such infor-  
11 mation or certification as the Secretary, in consulta-  
12 tion with the Secretary of Energy, determines nec-  
13 essary.”.

14 (b) CREDIT ALLOWED AGAINST THE ALTERNATIVE  
15 MINIMUM TAX.—Section 38(c)(4)(B) of the Internal Rev-  
16 enue Code of 1986 (relating to specified credits) is amend-  
17 ed—

18 (1) by striking “and” at the end of clause (i),

19 (2) by striking the period at the end of clause  
20 (ii)(II) and inserting “, and”, and

21 (3) by adding at the end the following new  
22 clause:

23 “(iii) for taxable years beginning after  
24 December 31, 2007, the credit determined  
25 under section 45M.”.

1           (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to appliances produced after De-  
3 cember 31, 2007.

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