

113TH CONGRESS
2D SESSION

H. R. 4426

To promote the domestic development and deployment of clean energy technologies required for the 21st century.

IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 2014

Ms. LOFGREN (for herself, Ms. MATSUI, Mr. HONDA, Ms. PINGREE of Maine, Mr. CLAY, Ms. NORTON, Ms. CHU, Mr. ISRAEL, Mr. CARTWRIGHT, Ms. CLARK of Massachusetts, Mr. QUIGLEY, Mr. HOLT, Ms. TSONGAS, Ms. SHEA-PORTER, Mr. CÁRDENAS, Mrs. CAPPAS, Mr. GEORGE MILLER of California, and Mr. SCHIFF) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To promote the domestic development and deployment of clean energy technologies required for the 21st century.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Clean Energy Victory Bond Act of 2014”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
 Sec. 2. Findings.

TITLE I—CLEAN ENERGY VICTORY BONDS

- Sec. 101. Clean Energy Victory Bonds.

TITLE II—REVENUE PROVISIONS

- Sec. 201. Extension and modification of energy investment tax credit.
 Sec. 202. Extension of residential energy efficient property credit.
 Sec. 203. Extension and modification of credit for electricity produced from certain renewable resources.
 Sec. 204. Extension of credit for nonbusiness energy property.
 Sec. 205. Performance based home energy improvements.
 Sec. 206. Extension of new energy efficient home credit.
 Sec. 207. Extension and modification of energy efficient commercial buildings deduction.
 Sec. 208. Plug-in electric vehicle grants in lieu of tax credits.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) There is enormous potential for increasing
 4 renewable energy production and energy efficiency
 5 installation in the United States.

6 (2) A major barrier to rapid expansion of re-
 7 newable energy and energy efficiency is upfront cap-
 8 ital costs. Government tax incentives and other as-
 9 sistance programs have proven beneficial in encour-
 10 aging private sector development, manufacturing
 11 and installation of renewable energy and energy effi-
 12 ciency projects nationwide. However, these govern-
 13 ment incentives are not currently meeting demand
 14 from the private sector, and we are not taking full
 15 advantage of the potential for clean energy and
 16 transportation, as well as energy efficiency in the
 17 United States.

1 (3) Other nations, including China and Ger-
2 many are ahead of the United States in manufac-
3 turing and deploying various clean energy tech-
4 nologies, even though the United States invented
5 many of these technologies.

6 (4) Investments in renewable energy and energy
7 efficiency projects in the United States create green
8 jobs for U.S. citizens across the United States. Hun-
9 dreds of thousands of jobs could be created through
10 expanded government support for clean energy and
11 energy efficiency.

12 (5) As Americans choose energy efficiency and
13 clean energy and transportation, it reduces our de-
14 pendence on foreign oil and improves our energy se-
15 curity.

16 (6) Bonds are a low-cost method for encour-
17 aging clean energy, not requiring direct budget allo-
18 cations or expenditures. The projects supported
19 through Clean Energy Victory Bonds will create jobs
20 and business revenues that will increase Federal tax
21 revenues, while simultaneously reducing health and
22 environmental costs incurred by the Federal Govern-
23 ment nationwide.

24 (7) In World War II, over 80 percent of Amer-
25 ican households purchased Victory Bonds to support

1 the war effort, raising over \$185 billion, or over \$2
2 trillion in today's dollars.

3 **TITLE I—CLEAN ENERGY**
4 **VICTORY BONDS**

5 **SEC. 101. CLEAN ENERGY VICTORY BONDS.**

6 (a) INITIAL CAPITALIZATION.—The Secretary of the
7 Treasury shall issue Clean Energy Victory Bonds in an
8 amount not to exceed \$7,500,000,000 on the credit of the
9 United States for purposes of raising revenue for the ex-
10 tension of certain energy-related tax benefits extended by
11 this Act.

12 (b) DENOMINATIONS AND MATURITY.—Clean Energy
13 Victory Bonds shall be in the form of United States Sav-
14 ings Bonds of Series EE or as administered by the Bureau
15 of the Public Debt of the Department of the Treasury in
16 denominations of \$25, and shall mature within such peri-
17 ods as determined by the Secretary of the Treasury.

18 (c) INTEREST.—Clean Energy Victory Bonds shall
19 bear interest at the rate the Secretary of the Treasury
20 sets for Savings Bonds of Series EE and Series I, plus
21 a rate of return determined by the Secretary of the Treas-
22 ury which is based on the valuation of carbon mitigated
23 or energy saved through funded projects funded from the
24 proceeds of such bonds.

25 (d) PROMOTION.—

1 (1) IN GENERAL.—The Secretary of the Treas-
2 ury shall take such actions, independently and in
3 conjunction with financial institutions offering Clean
4 Energy Victory Bonds, to promote the purchase of
5 Clean Energy Victory Bonds, including campaigns
6 describing the financial and social benefits of pur-
7 chasing Clean Energy Victory Bonds.

8 (2) PROMOTIONAL ACTIVITIES.—Such pro-
9 motional activities may include advertisements, pam-
10 phlets, or other promotional materials—

11 (A) in periodicals;

12 (B) on billboards and other outdoor
13 venues;

14 (C) on television;

15 (D) on radio;

16 (E) on the Internet;

17 (F) within financial institutions that offer
18 Clean Energy Victory Bonds; or

19 (G) any other venues or outlets the Sec-
20 retary of the Treasury may identify.

21 (3) LIMITATION.—There are authorized to be
22 appropriated for such promotional activities not
23 more than—

24 (A) \$10,000,000 in the first year after the
25 date of the enactment of this Act, and

1 (B) \$2,000,000 in each year thereafter.

2 (e) FUTURE CAPITALIZATION.—

3 (1) IN GENERAL.—After the initial capitaliza-
4 tion limit is reached under subsection (a), the Sec-
5 retary of the Treasury may issue additional Clean
6 Energy Victory Bonds on the credit of the United
7 States.

8 (2) SINGLE ISSUE LIMITATION.—No such addi-
9 tional issue may exceed \$7,500,000,000.

10 (3) AGGREGATE LIMITATIONS.—The aggregate
11 of any such additional issues during the 4-year pe-
12 riod beginning on the day after the initial capitaliza-
13 tion limit is reached under subsection (a) may not
14 exceed \$50,000,000,000. The aggregate of any such
15 additional issues after the expiration of such 4-year
16 period may not exceed \$50,000,000,000.

17 (f) LAWFUL INVESTMENTS.—Clean Energy Victory
18 Bonds shall be lawful investments, and may be accepted
19 as security for all fiduciary, trust, and public funds, the
20 investment or deposit of which shall be under the author-
21 ity or control of the United States or any officer or officers
22 thereof.

1 **TITLE II—REVENUE PROVISIONS**

2 **SEC. 201. EXTENSION AND MODIFICATION OF ENERGY IN-** 3 **VESTMENT TAX CREDIT.**

4 (a) EXTENSION.—

5 (1) SOLAR ENERGY.—Paragraphs (2)(A)(i)(II)
6 and (3)(A)(ii) of section 48(a) of the Internal Rev-
7 enue Code of 1986 are each amended by striking
8 “January 1, 2017” and inserting “January 1,
9 2023”.

10 (2) GEOTHERMAL HEAT PUMPS.—Clause (vii)
11 of section 48(a)(3)(A) of such Code is amended by
12 striking “January 1, 2017” and inserting “January
13 1, 2023”.

14 (3) FUEL CELL PROPERTY.—Subparagraph (D)
15 of section 48(c)(1) of such Code is amended by
16 striking “December 31, 2016” and inserting “De-
17 cember 31, 2022”.

18 (4) MICROTURBINE PROPERTY.—Subparagraph
19 (D) of section 48(c)(2) of such Code is amended by
20 striking “December 31, 2016” and inserting “De-
21 cember 31, 2022”.

22 (5) COMBINED HEAT AND POWER.—Clause (iv)
23 of section 48(c)(3) of such Code is amended by
24 striking “January 1, 2017” and inserting “January
25 1, 2023”.

1 (6) SMALL WIND.—Subparagraph (C) of section
2 48(c)(4) of such Code is amended by striking “De-
3 cember 31, 2016” and inserting “December 31,
4 2022”.

5 (7) OFFSHORE WIND.—

6 (A) IN GENERAL.—Clause (ii) of section
7 48(a)(5)(C) of such Code is amended—

8 (i) by striking “is placed in service in”
9 and inserting the following: “is—

10 “(I) except as provided in sub-
11 clause (II), placed in service in”,

12 (ii) by adding at the end the following
13 new subclause:

14 “(II) in the case of an offshore
15 wind facility, placed in service after
16 December 31, 2008, and before Janu-
17 ary 1, 2021, and”.

18 (B) OFFSHORE WIND FACILITY.—Para-
19 graph (5) of section 48(a) of such Code is
20 amended by adding at the end the following
21 new subparagraph:

22 “(E) OFFSHORE WIND FACILITY.—The
23 term ‘offshore wind facility’ means any quali-
24 fied facility described in section 45(d)(1) and
25 located in the inland navigable waters of the

1 United States, including the Great Lakes, or in
2 the coastal waters of the United States, includ-
3 ing the territorial seas of the United States, the
4 exclusive economic zone of the United States,
5 and the outer Continental Shelf of the United
6 States.”.

7 (b) MODIFICATION OF FUEL CELL PROPERTY.—
8 Paragraph (1) of section 48(c) of such Code, as amended
9 by this Act, is amended by redesignating subparagraph
10 (D) as subparagraph (E) and by inserting after subpara-
11 graph (C) the following new subparagraph:

12 “(D) EXCEPTION FOR FUEL DERIVED
13 FROM FOSSIL FUELS.—The term ‘qualified fuel
14 cell powerplant’ shall not include any fuel cell
15 powerplant the fuel of which is derived from, or
16 is produced by using, any fossil fuel.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect on the date of the enactment
19 of this Act.

20 **SEC. 202. EXTENSION OF RESIDENTIAL ENERGY EFFICIENT**
21 **PROPERTY CREDIT.**

22 (a) IN GENERAL.—Subsection (g) of section 25D of
23 the Internal Revenue Code of 1986 is amended by striking
24 “December 31, 2016” and inserting “December 31,
25 2023”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2016.

4 **SEC. 203. EXTENSION AND MODIFICATION OF CREDIT FOR**
5 **ELECTRICITY PRODUCED FROM CERTAIN RE-**
6 **NEWABLE RESOURCES.**

7 (a) EXTENSION.—Subsection (d) of section 45 of the
8 Internal Revenue Code of 1986 is amended—

9 (1) by striking “January 1, 2013” in paragraph
10 (1) and inserting “January 1, 2023”,

11 (2) by striking “January 1, 2014” each place
12 it appears in paragraphs (2), (3), (4), (9), and (11)
13 and inserting “January 1, 2023”, and

14 (3) by striking “January 1, 2006” in paragraph
15 (4) and inserting “January 1, 2023”.

16 (b) MODIFICATIONS WITH RESPECT TO CLOSED-
17 LOOP BIOMASS.—

18 (1) IN GENERAL.—Paragraph (2) of section
19 45(c) of such Code is amended to read as follows:

20 “(2) CLOSED-LOOP BIOMASS.—

21 “(A) IN GENERAL.—The term ‘closed-loop
22 biomass’ means any organic matter from a
23 plant which—

1 “(i) is planted exclusively for purposes
2 of being used at a qualified facility to
3 produce electricity, or

4 “(ii) is a byproduct from harvesting
5 timber (including tops, branches, crooks)
6 or is invasive woody vegetation that inter-
7 feres with regeneration or the natural
8 growth of the forest from which timber is
9 harvested.

10 “(B) LIMITATION.—For purposes of sub-
11 paragraph (A)(ii), byproduct from harvesting
12 timber shall not be treated as closed-loop bio-
13 mass unless—

14 “(i) such byproduct does not exceed
15 30 percent (by weight) of the harvested
16 timber to which it relates, and

17 “(ii) the percentage byproduct re-
18 moved (by weight) does not exceed—

19 “(I) 25 percent in the case of
20 timber harvested from good soil, and

21 “(II) 0 percent in the case of
22 timber harvested from poor soil.

23 For purposes of the preceding sentence, soil
24 quality shall be determined by reference to soil

1 classifications by the Natural Resources Con-
2 servation Service.”.

3 (2) QUALIFIED FACILITY.—Paragraph (2) of
4 section 45(d) of such Code is amended by adding at
5 the end the following new subparagraph:

6 “(D) GREENHOUSE GAS EMISSIONS.—In
7 the case of a facility placed in service after De-
8 cember 31, 2014, such term shall not include
9 any facility unless, with respect to the facility,
10 the taxpayer annually during the 10-year period
11 described in subsection (a) demonstrates to the
12 satisfaction of the Secretary that such facility’s
13 use of closed-loop biomass will result in a 50-
14 percent reduction in greenhouse gas emissions
15 compared to a similar facility using natural gas
16 combined-cycle generation.”.

17 (c) MODIFICATION OF OPEN-LOOP BIOMASS DEFINI-
18 TION.—The second sentence of subparagraph (A) of sec-
19 tion 45(c)(3) of such Code is amended—

20 (1) by striking “or biomass” and inserting “,
21 biomass”, and

22 (2) by inserting before the period at the end the
23 following: “, any biomass which is primarily a food
24 crop, or biomass derived from any crop that dis-
25 places any forest existing on the date of the enact-

1 ment of the Clean Energy Victory Bond Act of
2 2014”.

3 (d) MODIFICATION OF BIOFUEL AS QUALIFIED EN-
4 ERGY RESOURCE.—

5 (1) IN GENERAL.—Paragraph (1) of section
6 45(c) of such Code is amended by striking “and” at
7 the end of subparagraph (H), by striking the period
8 at the end of subparagraph (I) and inserting “,
9 and”, and by adding at the end the following new
10 subparagraph:

11 “(J) second generation biomass.”.

12 (2) SECOND GENERATION BIOMASS DEFINED.—
13 Subsection (c) of section 45 of such Code is amend-
14 ed by adding at the end the following new para-
15 graph:

16 “(11) SECOND GENERATION BIOMASS.—The
17 term ‘second generation biomass’ means any bio-
18 mass which is composed of lignocellulosic or
19 hemicellulosic matter that is available on a renew-
20 able or recurring basis and that does not replace for-
21 ested land (other than any fuel described in section
22 40(b)(6)(E)(iii)).”.

23 (3) QUALIFIED FACILITY.—Subsection (d) of
24 section 45 of such Code is amended by adding at the
25 end the following new paragraph:

1 “(12) SECOND GENERATION BIOMASS.—In the
2 case of a facility producing electricity from second
3 generation biomass, the term ‘qualified facility’
4 means any facility owned by the taxpayer which is
5 originally placed in service on or after the date of
6 the enactment of this paragraph and before January
7 1, 2023.”.

8 (4) CONFORMING AMENDMENTS.—

9 (A) Subsection (d) of section 45 of such
10 Code is amended by striking “January 1,
11 2014” each place it appears in paragraphs
12 (2)(A)(i), (3), (6), and (7) and inserting “the
13 date of the enactment of the Clean Energy Vic-
14 tory Bond Act of 2014”.

15 (B) Clause (ii) of section 45(d)(2)(A) of
16 such Code is amended by striking “January 1,
17 2014,” and inserting “the date of the enact-
18 ment of the Clean Energy Victory Bond Act of
19 2014”.

20 (e) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to property placed in service after
22 the date of the enactment of this Act.

1 **SEC. 204. EXTENSION OF CREDIT FOR NONBUSINESS EN-**
2 **ERGY PROPERTY.**

3 (a) IN GENERAL.—Paragraph (2) of section 25C(g)
4 of the Internal Revenue Code of 1986 is amended by strik-
5 ing “December 31, 2013” and inserting “December 31,
6 2022”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to property placed in service after
9 December 31, 2013.

10 **SEC. 205. PERFORMANCE BASED HOME ENERGY IMPROVE-**
11 **MENTS.**

12 (a) IN GENERAL.—Subpart A of part IV of sub-
13 chapter A of chapter 1 is amended by adding at the end
14 the following new section:

15 **“SEC. 25E. PERFORMANCE BASED ENERGY IMPROVE-**
16 **MENTS.**

17 “(a) IN GENERAL.—In the case of an individual,
18 there shall be allowed as a credit against the tax imposed
19 by this chapter for the taxable year for a qualified whole
20 home energy efficiency retrofit an amount determined
21 under subsection (b).

22 “(b) AMOUNT DETERMINED.—

23 “(1) IN GENERAL.—Subject to paragraph (4),
24 the amount determined under this subsection is
25 equal to—

1 “(A) the base amount under paragraph
2 (2), increased by

3 “(B) the amount determined under para-
4 graph (3).

5 “(2) BASE AMOUNT.—For purposes of para-
6 graph (1)(A), the base amount is \$2,000, but only
7 if the energy use for the residence is reduced by at
8 least 20 percent below the baseline energy use for
9 such residence as calculated according to paragraph
10 (5).

11 “(3) INCREASE AMOUNT.—For purposes of
12 paragraph (1)(B), the amount determined under this
13 paragraph is \$500 for each additional 5 percentage
14 point reduction in energy use.

15 “(4) LIMITATION.—In no event shall the
16 amount determined under this subsection exceed the
17 lesser of—

18 “(A) \$5,000 with respect to any residence,

19 or

20 “(B) 30 percent of the qualified home en-
21 ergy efficiency expenditures paid or incurred by
22 the taxpayer under subsection (c) with respect
23 to such residence.

24 “(5) DETERMINATION OF ENERGY USE REDUC-
25 TION.—For purposes of this subsection—

1 “(A) IN GENERAL.—The reduction in en-
2 ergy use for any residence shall be determined
3 by modeling the annual predicted percentage re-
4 duction in total energy costs for heating, cool-
5 ing, hot water, and permanent lighting. It shall
6 be modeled using computer modeling software
7 approved under subsection (d)(2) and a baseline
8 energy use calculated according to subsection
9 (d)(1)(C).

10 “(B) ENERGY COSTS.—For purposes of
11 subparagraph (A), the energy cost per unit of
12 fuel for each fuel type shall be determined by
13 dividing the total actual energy bill for the resi-
14 dence for that fuel type for the most recent
15 available 12-month period by the total energy
16 units of that fuel type used over the same pe-
17 riod.

18 “(c) QUALIFIED HOME ENERGY EFFICIENCY EX-
19 PENDITURES.—For purposes of this section, the term
20 ‘qualified home energy efficiency expenditures’—

21 “(1) means any amount paid or incurred by the
22 taxpayer during the taxable year for a qualified
23 whole home energy efficiency retrofit, including the
24 cost of diagnostic procedures, labor, and modeling,

1 “(2) includes only measures that have an aver-
2 age estimated life of 5 years or more as determined
3 by the Secretary, after consultation with the Sec-
4 retary of Energy,

5 “(3) does not include any amount which is paid
6 or incurred in connection with any expansion of the
7 building envelope of the residence, and

8 “(4) does not include improvements to swim-
9 ming pools or hot tubs or any other expenditure spe-
10 cifically excluded by the Secretary, after consultation
11 with the Secretary of Energy.

12 “(d) QUALIFIED WHOLE HOME ENERGY EFFI-
13 CIENCY RETROFIT.—For purposes of this section—

14 “(1) IN GENERAL.—The term ‘qualified whole
15 home energy efficiency retrofit’ means the implemen-
16 tation of measures placed in service during the tax-
17 able year intended to reduce the energy use of the
18 principal residence of the taxpayer which is located
19 in the United States. A qualified whole home energy
20 efficiency retrofit shall—

21 “(A) be designed, implemented, and in-
22 stalled by a contractor which is—

23 “(i) accredited by the Building Per-
24 formance Institute (hereafter in this sec-
25 tion referred to as ‘BPI’) or a preexisting

1 BPI accreditation-based State certification
2 program with enhancements to achieve
3 State energy policy,

4 “(ii) a Residential Energy Services
5 Network (hereafter in this section referred
6 to as ‘RESNET’) accredited Energy Smart
7 Home Performance Team, or

8 “(iii) accredited by an equivalent cer-
9 tification program approved by the Sec-
10 retary, after consultation with the Sec-
11 retary of Energy, for this purpose,

12 “(B) install a set of measures modeled to
13 achieve a reduction in energy use of at least 20
14 percent below the baseline energy use estab-
15 lished in subparagraph (C), using computer
16 modeling software approved under paragraph
17 (2),

18 “(C) establish the baseline energy use by
19 calibrating the model using sections 3 and 4
20 and Annex D of BPI Standard BPI-2400-S-
21 2011: Standardized Qualification of Whole
22 House Energy Savings Estimates, or an equiva-
23 lent standard approved by the Secretary, after
24 consultation with the Secretary of Energy, for
25 this purpose,

1 “(D) document the measures implemented
2 in the residence through photographs taken be-
3 fore and after the retrofit, including photo-
4 graphs of its visible energy systems and enve-
5 lope as relevant, and

6 “(E) implement a test-out procedure, fol-
7 lowing guidelines of the applicable certification
8 program specified under clause (i) or (ii) of
9 subparagraph (A), or equivalent guidelines ap-
10 proved by the Secretary, after consultation with
11 the Secretary of Energy, for this purpose, to
12 ensure—

13 “(i) the safe operation of all systems
14 post retrofit, and

15 “(ii) that all improvements are in-
16 cluded in, and have been installed accord-
17 ing to, standards of the applicable certifi-
18 cation program specified under clause (i)
19 or (ii) of subparagraph (A), or equivalent
20 standards approved by the Secretary, after
21 consultation with the Secretary of Energy,
22 for this purpose.

23 For purposes of subparagraph (A)(iii), an orga-
24 nization or State may submit an equivalent cer-
25 tification program for approval by the Sec-

1 retary, in consultation with the Secretary of
2 Energy. The Secretary shall approve or deny
3 such submission not later than 180 days after
4 receipt, and, if the Secretary fails to respond in
5 that time period, the submitted equivalent cer-
6 tification program shall be considered approved.

7 “(2) APPROVED MODELING SOFTWARE.—For
8 purposes of paragraph (1)(B), the contractor shall
9 use modeling software certified by RESNET as fol-
10 lowing the software verification test suites in section
11 4.2.1 of RESNET Publication No. 06–001 or cer-
12 tified by an alternative organization as following an
13 equivalent standard, as approved by the Secretary,
14 after consultation with the Secretary of Energy, for
15 this purpose.

16 “(3) DOCUMENTATION.—The Secretary, after
17 consultation with the Secretary of Energy, shall pre-
18 scribe regulations directing what specific documenta-
19 tion is required to be retained or submitted by the
20 taxpayer in order to claim the credit under this sec-
21 tion, which shall include, in addition to the photo-
22 graphs under paragraph (1)(D), a form approved by
23 the Secretary that is completed and signed by the
24 qualified whole home energy efficiency retrofit con-

1 tractor under penalties of perjury. Such form shall
2 include—

3 “(A) a statement that the contractor fol-
4 lowed the specified procedures for establishing
5 baseline energy use and estimating reduction in
6 energy use,

7 “(B) the name of the software used for
8 calculating the baseline energy use and reduc-
9 tion in energy use, the percentage reduction in
10 projected energy savings achieved, and a state-
11 ment that such software was certified for this
12 program by the Secretary, after consultation
13 with the Secretary of Energy,

14 “(C) a statement that the contractor will
15 retain the details of the calculations and under-
16 lying energy bills for 5 years and will make
17 such details available for inspection by the Sec-
18 retary or the Secretary of Energy, if so re-
19 quested,

20 “(D) a list of measures installed and a
21 statement that all measures included in the re-
22 duction in energy use estimate are included in,
23 and installed according to, standards of the ap-
24 plicable certification program specified under
25 clause (i) or (ii) of subparagraph (A), or equiv-

1 alent standards approved by the Secretary,
2 after consultation with the Secretary of Energy,

3 “(E) a statement that the contractor meets
4 the requirements of paragraph (1)(A), and

5 “(F) documentation of the total cost of the
6 project in order to comply with the limitation
7 under subsection (b)(4)(B).

8 “(e) ADDITIONAL RULES.—For purposes of this sec-
9 tion—

10 “(1) NO DOUBLE BENEFIT.—

11 “(A) IN GENERAL.—With respect to any
12 residence, no credit shall be allowed under this
13 section for any taxable year in which the tax-
14 payer claims a credit under section 25C.

15 “(B) RENEWABLE ENERGY SYSTEMS AND
16 APPLIANCES.—In the case of a renewable en-
17 ergy system or appliance that qualifies for an-
18 other credit under this chapter, the resulting re-
19 duction in energy use shall not be taken into
20 account in determining the percentage energy
21 use reductions under subsection (b).

22 “(C) NO DOUBLE BENEFIT FOR CERTAIN
23 EXPENDITURES.—The term ‘qualified home en-
24 ergy efficiency expenditures’ shall not include
25 any expenditure for which a deduction or credit

1 is claimed by the taxpayer under this chapter
2 for the taxable year or with respect to which
3 the taxpayer receives any Federal energy effi-
4 ciency rebate.

5 “(2) PRINCIPAL RESIDENCE.—The term ‘prin-
6 cipal residence’ has the same meaning as when used
7 in section 121.

8 “(3) SPECIAL RULES.—Rules similar to the
9 rules under paragraphs (4), (5), (6), (7), and (8) of
10 section 25D(e) and section 25C(e)(2) shall apply, as
11 determined by the Secretary, after consultation with
12 the Secretary of Energy.

13 “(4) BASIS ADJUSTMENTS.—For purposes of
14 this subtitle, if a credit is allowed under this section
15 with respect to any expenditure with respect to any
16 property, the increase in the basis of such property
17 which would (but for this paragraph) result from
18 such expenditure shall be reduced by the amount of
19 the credit so allowed.

20 “(5) ELECTION NOT TO CLAIM CREDIT.—No
21 credit shall be determined under subsection (a) for
22 the taxable year if the taxpayer elects not to have
23 subsection (a) apply to such taxable year.

24 “(6) MULTIPLE YEAR RETROFITS.—If the tax-
25 payer has claimed a credit under this section in a

1 previous taxable year, the baseline energy use for the
2 calculation of reduced energy use must be estab-
3 lished after the previous retrofit has been placed in
4 service.

5 “(f) TERMINATION.—This section shall not apply
6 with respect to any costs paid or incurred after December
7 31, 2022.

8 “(g) SECRETARY REVIEW.—The Secretary, after con-
9 sultation with the Secretary of Energy, shall establish a
10 review process for the retrofits performed, including an es-
11 timate of the usage of the credit and a statistically valid
12 analysis of the average actual energy use reductions, uti-
13 lizing utility bill data collected on a voluntary basis, and
14 report to Congress not later than June 30, 2016, any find-
15 ings and recommendations for—

16 “(1) improvements to the effectiveness of the
17 credit under this section, and

18 “(2) expansion of the credit under this section
19 to rental units.”.

20 (b) CONFORMING AMENDMENTS.—

21 (1) Section 1016(a) is amended—

22 (A) by striking “and” at the end of para-
23 graph (36),

24 (B) by striking the period at the end of
25 paragraph (37) and inserting “, and”, and

1 (C) by adding at the end the following new
2 paragraph:

3 “(38) to the extent provided in section
4 25E(e)(4), in the case of amounts with respect to
5 which a credit has been allowed under section
6 25E.”.

7 (2) Section 6501(m) is amended by inserting
8 “25E(e)(5),” after “section”.

9 (3) The table of sections for subpart A of part
10 IV of subchapter A chapter 1 is amended by insert-
11 ing after the item relating to section 25D the fol-
12 lowing new item:

“Sec. 25E. Performance based energy improvements.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to amounts paid or incurred for
15 a qualified whole home energy efficiency retrofit placed in
16 service after December 31, 2013.

17 **SEC. 206. EXTENSION OF NEW ENERGY EFFICIENT HOME**
18 **CREDIT.**

19 (a) IN GENERAL.—Subsection (g) of section 45L of
20 the Internal Revenue Code of 1986 is amended by striking
21 “December 31, 2013” and inserting “December 31,
22 2022”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to homes acquired after December
25 31, 2013.

1 **SEC. 207. EXTENSION AND MODIFICATION OF ENERGY EF-**
2 **FICIENT COMMERCIAL BUILDINGS DEDUC-**
3 **TION.**

4 (a) IN GENERAL.—Subsection (h) of section 179D of
5 the Internal Revenue Code of 1986 is amended by striking
6 “December 31, 2013” and inserting “December 31,
7 2022”.

8 (b) INCREASE IN DEDUCTION LIMITATIONS.—

9 (1) IN GENERAL.—Subparagraph (A) of section
10 179D(b)(1) of such Code is amended by striking
11 “\$1.80” and inserting “\$3.00”.

12 (2) PARTIAL PAY.—Subparagraph (A) of sec-
13 tion 179D(d)(1) is amended by striking “sub-
14 stituting ‘\$.60’ for ‘\$1.80’.” and inserting “sub-
15 stituting ‘\$1.00’ for ‘\$3.00’.”.

16 (3) REDUCED AMOUNT FOR LOWER EFFICIENCY
17 PROPERTY.—Subsection (d) of section 179D of such
18 Code is amended by adding at the end the following
19 new paragraph:

20 “(1) 30 TO 50 PERCENT PROPERTY.—In the
21 case of property which would be energy efficient
22 commercial building property were subsection
23 (c)(1)(D) applied by substituting ‘more than 30 per-
24 cent and less than 50 percent’ for ‘50 percent or
25 more’, subsection (b) shall be applied to such prop-
26 erty by substituting ‘\$1.80’ for ‘\$3.00’.”.

1 (c) UPDATING PARTIAL ALLOWANCE REGULA-
2 TIONS.—Subparagraph (B) of section 179D(d)(1) of such
3 Code is amended by adding at the end the following: “Not
4 later than 1 year after the date of the enactment of the
5 Clean Energy Victory Bond Act of 2014, and every three
6 years thereafter, the Secretary shall, after consultation
7 with the Secretary of Energy, update the targets for such
8 systems in such a manner as the Secretary determines will
9 encourage innovation in commercial building energy effi-
10 ciency.”.

11 (d) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to property placed in service after
13 December 31, 2013.

14 **SEC. 208. PLUG-IN ELECTRIC VEHICLE GRANTS IN LIEU OF**
15 **TAX CREDITS.**

16 (a) IN GENERAL.—The Secretary of Energy, in con-
17 sultation with the Secretary of the Treasury, shall estab-
18 lish a voluntary program through which the Secretary of
19 Energy shall—

20 (1) authorize the issuance of an electronic
21 voucher to offset the purchase price of a qualified
22 plug-in electric vehicle or a new qualified plug-in
23 electric drive motor vehicle purchased from a dealer
24 participating in the program;

1 (2) register dealers for participation in the pro-
2 gram and require that all dealers so registered ac-
3 cept such vouchers as partial payment or down pay-
4 ment for the purchase of any such vehicle offered for
5 sale by such dealer;

6 (3) make electronic payments to dealers for eli-
7 gible transactions by such dealers; and

8 (4) in consultation with the Inspector General
9 of the Department of Transportation establish and
10 provide for the enforcement of measures to prevent
11 and penalize fraud under the program.

12 (b) VOUCHER LIMITATIONS.—A voucher issued
13 under the program shall have a value that may be applied
14 to offset the purchase price of a vehicle by—

15 (1) in the case of a qualified plug-in electric ve-
16 hicle, \$2,500; or

17 (2) in the case of a new qualified plug-in elec-
18 tric drive motor vehicle, \$2,500 plus an amount de-
19 termined with respect to the vehicle under section
20 30D(b)(3) of the Internal Revenue Code of 1986.

21 (c) TREATED AS ADVANCE PAYMENT OF CREDIT.—
22 Use of a voucher under the program to offset the purchase
23 price of a vehicle shall, for purposes of the Internal Rev-
24 enue Code of 1986, be treated as advance payment of the
25 credit allowed under section 30 or 30D of such Code, as

1 the case may be, and the amount of credit which would
2 (but for this paragraph) be allowable with respect to such
3 vehicle under either such section shall be reduced (but not
4 below zero) by the amount of the voucher so used.

5 (d) DEFINITIONS AND SPECIAL RULES.—For pur-
6 poses of this section—

7 (1) QUALIFIED PLUG-IN ELECTRIC VEHICLE.—
8 The term “qualified plug-in electric vehicle” shall
9 have the meaning given such term by section 30(d)
10 of the Internal Revenue Code of 1986.

11 (2) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE
12 MOTOR VEHICLE.—The term “new qualified plug-in
13 electric drive motor vehicle” shall have the meaning
14 given such term by section 30D(d) of such Code.

15 (3) NO COMBINATION OF VOUCHERS.—Only 1
16 voucher issued under the program may be applied
17 toward the purchase of a single vehicle.

18 (4) COMBINATION WITH OTHER INCENTIVES
19 PERMITTED.—The availability or use of a Federal,
20 State, or local incentive or a State-issued voucher
21 for the purchase of any vehicle shall not limit the
22 value or issuance of a voucher under the program to
23 any person otherwise eligible to receive such a
24 voucher.

1 (5) NO ADDITIONAL FEES.—A dealer partici-
2 pating in the program may not charge a person pur-
3 chasing a vehicle any additional fees associated with
4 the use of a voucher under the program.

5 (6) APPLICATION OF CERTAIN RULES.—Rules
6 similar to the rules of paragraphs (1), (2), (3), (4),
7 and (5) of section 30(e) of such Code shall apply for
8 purposes of this section.

9 (e) TERMINATION AND PHASEOUT.—

10 (1) TERMINATION FOR QUALIFIED PLUG-IN
11 ELECTRIC VEHICLES.—This section shall not apply
12 to any qualified plug-in electric vehicle acquired
13 after December 31, 2017.

14 (2) PHASEOUT FOR NEW QUALIFIED PLUG-IN
15 ELECTRIC DRIVE MOTOR VEHICLE.—The amount of
16 any voucher with respect to any new qualified plug
17 in electric drive motor vehicle shall be reduced as
18 provided in section 30D(e) of the Internal Revenue
19 Code of 1986.

20 (f) REGULATIONS.—The Secretary of Energy, in con-
21 sultation with the Secretary of the Treasury, shall pre-
22 scribe such regulations as may be necessary or appropriate
23 to carry out the purposes of this section.

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