

115TH CONGRESS
1ST SESSION

H. R. 3161

To amend the Internal Revenue Code of 1986 to include biomass heating appliances for tax credits available for energy-efficient building property and energy property.

IN THE HOUSE OF REPRESENTATIVES

JUNE 29, 2017

Mr. WELCH (for himself, Mr. KELLY of Pennsylvania, and Ms. KUSTER of New Hampshire) 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 include biomass heating appliances for tax credits available for energy-efficient building property and energy property.

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 “Biomass Thermal Uti-
5 lization Act of 2017” or the “BTU Act of 2017”.

1 **SEC. 2. RESIDENTIAL ENERGY-EFFICIENT PROPERTY**
 2 **CREDIT FOR BIOMASS FUEL PROPERTY EX-**
 3 **PENDITURES.**

4 (a) ALLOWANCE OF CREDIT.—Subsection (a) of sec-
 5 tion 25D of the Internal Revenue Code of 1986 is amend-
 6 ed—

7 (1) by striking “and” at the end of paragraph
 8 (4);

9 (2) by striking the period at the end of para-
 10 graph (5) and inserting “, and”; and

11 (3) by adding at the end the following new
 12 paragraph:

13 “(6) 30 percent of the qualified biomass fuel
 14 property expenditures made by the taxpayer during
 15 such year.”.

16 (b) QUALIFIED BIOMASS FUEL PROPERTY EXPENDI-
 17 TURES.—Subsection (d) of section 25D of the Internal
 18 Revenue Code of 1986 is amended by adding at the end
 19 the following new paragraph:

20 “(6) QUALIFIED BIOMASS FUEL PROPERTY EX-
 21 PENDITURE.—

22 “(A) IN GENERAL.—The term ‘qualified
 23 biomass fuel property expenditure’ means an
 24 expenditure for property—

25 “(i) which uses the burning of bio-
 26 mass fuel to heat a dwelling unit located in

1 the United States and used as a residence
2 by the taxpayer, or to heat water for use
3 in such a dwelling unit, and

4 “(ii) which has a thermal efficiency
5 rating of at least 75 percent (measured by
6 the higher heating value of the fuel).

7 “(B) BIOMASS FUEL.—For purposes of
8 this section, the term ‘biomass fuel’ means any
9 plant-derived fuel available on a renewable or
10 recurring basis, including agricultural crops and
11 trees, wood and wood waste and residues,
12 plants (including aquatic plants), grasses, resi-
13 dues, and fibers. Such term includes densified
14 biomass fuels such as wood pellets.”.

15 (c) APPLICATION OF TERMINATION DATE.—Sub-
16 section (h) of section 25D of the Internal Revenue Code
17 of 1986 is amended by striking “and qualified solar water
18 heating property expenditures” and inserting “, qualified
19 solar water heating property expenditures, and qualified
20 biomass fuel property expenditures”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to expenditures paid or incurred
23 in taxable years beginning after December 31, 2016.

1 **SEC. 3. INVESTMENT TAX CREDIT FOR BIOMASS HEATING**
 2 **PROPERTY.**

3 (a) IN GENERAL.—Subparagraph (A) of section
 4 48(a)(3) of the Internal Revenue Code of 1986 is amend-
 5 ed—

6 (1) at the end of clause (vi) by striking “or”;

7 (2) at the end of clause (vii) by inserting “or”;

8 and

9 (3) by inserting after clause (vii) the following
 10 new clause:

11 “(viii) open-loop biomass (within the
 12 meaning of section 45(c)(3)) heating prop-
 13 erty, including boilers or furnaces that op-
 14 erate at thermal output efficiencies of not
 15 less than 65 percent (measured by the
 16 higher heating value of the fuel) and that
 17 provide thermal energy in the form of heat,
 18 hot water, or steam for space heating, air
 19 conditioning, domestic hot water, or indus-
 20 trial process heat,”.

21 (b) 30-PERCENT AND 15-PERCENT CREDITS.—

22 (1) ENERGY PERCENTAGE.—

23 (A) IN GENERAL.—Subparagraph (A) of
 24 section 48(a)(2) of the Internal Revenue Code
 25 of 1986 is amended by redesignating clause (ii)

as clause (iii) and by inserting after clause (i) the following new clause:

“(ii) except as provided in clause (i)(V), 15 percent in the case of energy property described in paragraph (3)(A)(viii), but only with respect to property the construction of which begins before January 1, 2022, and”.

(B) CONFORMING AMENDMENT.—Clause (iii) of section 48(a)(2)(A) of such Code, as so redesignated, is amended by inserting “or (ii)” after “clause (i)”.

(2) INCREASED CREDIT FOR GREATER EFFICIENCY.—Clause (i) of section 48(a)(2)(A) of such Code is amended by striking “and” at the end of subclause (III) and by inserting after subclause (IV) the following new subclause:

“(V) energy property described in paragraph (3)(A)(viii) which operates at a thermal output efficiency of not less than 80 percent (measured by the higher heating value of the fuel), but only with respect to property the construction of which begins before January 1, 2022,”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to periods after December 31,
3 2016, in taxable years ending after such date, under rules
4 similar to the rules of section 48(m) of the Internal Rev-
5 enue Code of 1986 (as in effect on the day before the date
6 of the enactment of the Revenue Reconciliation Act of
7 1990).

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