

115TH CONGRESS  
1ST SESSION

# H. R. 448

To amend the Internal Revenue Code of 1986 to expand the exclusion for certain conservation subsidies to include subsidies for water conservation or efficiency measures and storm water management measures.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 11, 2017

Mr. HUFFMAN (for himself, Mr. ROHRABACHER, Mr. DOGGETT, Ms. MCSALLY, and Mr. LAMALFA) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to expand the exclusion for certain conservation subsidies to include subsidies for water conservation or efficiency measures and storm water management measures.

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 “Water Conservation  
5 Rebate Tax Parity Act”.

1 **SEC. 2. MODIFICATIONS TO INCOME EXCLUSION FOR CON-**  
2 **SERVATION SUBSIDIES.**

3 (a) IN GENERAL.—Subsection (a) of section 136 of  
4 the Internal Revenue Code of 1986 is amended—

5 (1) by striking “any subsidy provided” and in-  
6 serting “any subsidy—

7 “(1) provided”,

8 (2) by striking the period at the end and insert-  
9 ing a comma, and

10 (3) by adding at the end the following new  
11 paragraphs:

12 “(2) provided (directly or indirectly) by a public  
13 utility to a customer, or by a State or local govern-  
14 ment to a resident of such State or locality, for the  
15 purchase or installation of any water conservation or  
16 efficiency measure, or

17 “(3) provided (directly or indirectly) by a storm  
18 water management provider to a customer, or by a  
19 State or local government to a resident of such State  
20 or locality, for the purchase or installation of any  
21 storm water management measure.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) DEFINITION OF WATER CONSERVATION OR  
24 EFFICIENCY MEASURE AND STORM WATER MANAGE-  
25 MENT MEASURE.—Section 136(c) of the Internal  
26 Revenue Code of 1986 is amended—

1 (A) by striking “ENERGY CONSERVATION  
2 MEASURE” in the heading thereof and inserting  
3 “DEFINITIONS”,

4 (B) by striking “IN GENERAL” in the  
5 heading of paragraph (1) and inserting “EN-  
6 ERGY CONSERVATION MEASURE”, and

7 (C) by redesignating paragraph (2) as  
8 paragraph (4) and by inserting after paragraph  
9 (1) the following:

10 “(2) WATER CONSERVATION OR EFFICIENCY  
11 MEASURE.—For purposes of this section, the term  
12 ‘water conservation or efficiency measure’ means any  
13 evaluation of water use, or any installation or modi-  
14 fication of property, the primary purpose of which is  
15 to reduce consumption of water or to improve the  
16 management of water demand with respect to one or  
17 more dwelling units.

18 “(3) STORM WATER MANAGEMENT MEASURE.—  
19 For purposes of this section, the term ‘storm water  
20 management measure’ means any installation or  
21 modification of property primarily designed to re-  
22 duce or manage amounts of storm water with re-  
23 spect to one or more dwelling units.”.

24 (2) DEFINITION OF PUBLIC UTILITY.—Section  
25 136(c)(4) of such Code (as redesignated by para-

1 graph (1)(C)) is amended by striking subparagraph  
2 (B) and inserting the following:

3 “(B) PUBLIC UTILITY.—The term ‘public  
4 utility’ means a person engaged in the sale of  
5 electricity, natural gas, or water to residential,  
6 commercial, or industrial customers for use by  
7 such customers.

8 “(C) STORM WATER MANAGEMENT PRO-  
9 VIDER.—The term ‘storm water management  
10 provider’ means a person engaged in the provi-  
11 sion of storm water management measures to  
12 the public.

13 “(D) PERSON.—For purposes of subpara-  
14 graphs (B) and (C), the term ‘person’ includes  
15 the Federal Government, a State or local gov-  
16 ernment or any political subdivision thereof, or  
17 any instrumentality of any of the foregoing.”.

18 (3) CLERICAL AMENDMENTS.—

19 (A) The heading of section 136 of such  
20 Code is amended—

21 (i) by inserting “**AND WATER**” after

22 “**ENERGY**”, and

23 (ii) by striking “**PROVIDED BY PUB-  
24 LIC UTILITIES**”.

1                   (B) The item relating to section 136 in the  
2                   table of sections of part III of subchapter B of  
3                   chapter 1 of such Code is amended—

4                   (i) by inserting “and water” after  
5                   “energy”, and

6                   (ii) by striking “provided by public  
7                   utilities”.

8           (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to amounts received after Decem-  
10 ber 31, 2015.

11           (d) NO INFERENCE.—Nothing in this Act or the  
12 amendments made by this Act shall be construed to create  
13 any inference with respect to the proper tax treatment of  
14 any subsidy received directly or indirectly from a public  
15 utility, a storm water management provider, or a State  
16 or local government for any water conservation measure  
17 or storm water management measure before January 1,  
18 2017.

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