II

115TH CONGRESS
1ST SESSION

S. 1480

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 SENATE OF THE UNITED STATES

JUNE 29, 2017

Mr. KING (for himself, Ms. COLLINS, Mrs. SHAHEEN, Mr. MERKLEY, and Ms. HASSAN) 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 include biomass heating appliances for tax credits available for energy-efficient building property and energy property.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Biomass Thermal Utilization Act of 2017'' or the ''BTU Act of 2017''.

SEC. 2. RESIDENTIAL ENERGY-EFFICIENT PROPERTY CREDIT FOR BIOMASS FUEL PROPERTY EXPENDITURES.

(a) ALLOWANCE OF CREDIT.—Subsection (a) of section 25D of the Internal Revenue Code of 1986 is amended—

(1) by striking ‘‘and’’ at the end of paragraph (4);

(2) by striking the period at the end of paragraph (5) and inserting ‘‘, and’’; and

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

‘‘(6) 30 percent of the qualified biomass fuel property expenditures made by the taxpayer during such year.’’.

(b) QUALIFIED BIOMASS FUEL PROPERTY EXPENDITURES.—Subsection (d) of section 25D of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

‘‘(6) QUALIFIED BIOMASS FUEL PROPERTY EXPENDITURE.—

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

‘‘(i) which uses the burning of biomass fuel to heat a dwelling unit located in the United States and used as a residence by the taxpayer, or to heat water for use in such a dwelling unit, and

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

"(B) BIOMASS FUEL.—For purposes of this section, the term 'biomass fuel' means any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues, plants (including aquatic plants), grasses, residues, and fibers. Such term includes densified biomass fuels such as wood pellets.".

(c) APPLICATION OF TERMINATION DATE.—Subsection (h) of section 25D of the Internal Revenue Code of 1986 is amended by striking "and qualified solar water heating property expenditures" and inserting ", qualified solar water heating property expenditures, and qualified biomass fuel property expenditures".

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

SEC. 3. INVESTMENT TAX CREDIT FOR BIOMASS HEATING PROPERTY.

(a) IN GENERAL.—Subparagraph (A) of section 48(a)(3) of the Internal Revenue Code of 1986 is amended—

(1) at the end of clause (vi) by striking ''or'';

(2) at the end of clause (vii) by inserting ''or''; and

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

''(viii) open-loop biomass (within the meaning of section 45(c)(3)) heating property, including boilers or furnaces that operate at thermal output efficiencies of not less than 65 percent (measured by the higher heating value of the fuel) and that provide thermal energy in the form of heat, hot water, or steam for space heating, air conditioning, domestic hot water, or industrial process heat,''.

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

(1) ENERGY PERCENTAGE.—

(A) IN GENERAL.—Subparagraph (A) of section 48(a)(2) of the Internal Revenue Code 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.—Subparagraph of section 48(a)(2)(A)(iii) 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,".

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

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