

116TH CONGRESS
1ST SESSION

H. R. 4317

To amend the Internal Revenue Code of 1986 to extend and expand the new energy efficient home credit, to extend the energy efficient commercial buildings deduction, to eliminate the basis reduction for low-income housing properties receiving certain energy benefits, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 12, 2019

Mr. LANGEVIN (for himself and Mr. WELCH) 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 extend and expand the new energy efficient home credit, to extend the energy efficient commercial buildings deduction, to eliminate the basis reduction for low-income housing properties receiving certain energy benefits, and for other purposes.

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 “Building Efficiently
5 Act of 2019”.

1 **SEC. 2. EXTENSION AND EXPANSION OF NEW ENERGY EFFI-**
2 **CIENT HOME CREDIT.**

3 (a) **EXTENSION OF CREDIT.**—Section 45L(g) of the
4 Internal Revenue Code of 1986 is amended by striking
5 “December 31, 2017” and inserting “December 31,
6 2020”.

7 (b) **CREDIT FOR QUALIFIED ENERGY EFFICIENT**
8 **RENTAL PROPERTY.**—Paragraph (2) of section 45L(a) of
9 such Code is amended by striking “and” at the end of
10 subparagraph (A), by striking the period at the end of
11 subparagraph (B) and inserting “, and”, and by adding
12 at the end the following:

13 “(C) in lieu of subparagraphs (A) and (B),
14 in the case of qualified new energy efficient
15 home that is a qualified energy efficient resi-
16 dential rental property, 3.3 percent of the cost
17 of construction of such property, reduced by
18 any expenditure not taken into account under
19 this section by reason of subsection (f).”.

20 (c) **QUALIFIED ENERGY EFFICIENT RESIDENTIAL**
21 **RENTAL PROPERTY DEFINED.**—Subsection (b) of section
22 45L of such Code is amended by adding at the end the
23 following:

24 “(5) **QUALIFIED ENERGY EFFICIENT RESIDEN-**
25 **TIAL RENTAL PROPERTY.**—

1 “(A) IN GENERAL.—The term ‘qualified
2 energy efficient residential real property’ means
3 a building which is residential rental property
4 which is described in subparagraph (B), (C), or
5 (D).

6 “(B) NEW OR RECONSTRUCTED BUILD-
7 ING.—A building is described in this subpara-
8 graph if—

9 “(i) the certification requirements of
10 subparagraph (E) with respect to the
11 building are met,

12 “(ii) the original use of which com-
13 mences with the taxpayer, and

14 “(iii) the building is placed in service
15 after the date of the enactment of the
16 Building Efficiently Act of 2019.

17 “(C) IMPROVEMENTS TO EXISTING BUILD-
18 ING.—A building is described in this subpara-
19 graph if, only after improvements are made to
20 the building—

21 “(i) the certification requirements of
22 subparagraph (E) with respect to the
23 building are met,

24 “(ii) the original use of the improved
25 building commences with the taxpayer,

1 “(iii) the improved building is placed
2 in service after the date of the enactment
3 of the Building Efficiently Act of 2019,
4 and

5 “(iv) the taxpayer elects to the appli-
6 cation of this paragraph with respect to
7 the building.

8 “(D) BUILDINGS ACQUIRED BY PUR-
9 CHASE.—A building is described in this sub-
10 paragraph if the building—

11 “(i) is acquired by purchase from an
12 unrelated person,

13 “(ii) meets the certification require-
14 ments of subparagraph (E), and

15 “(iii) is placed in service after the
16 date of the enactment of the Building Effi-
17 ciently Act of 2019.

18 “(E) CERTIFICATION REQUIREMENTS.—
19 The requirements of this subparagraph are met
20 if, with respect to a building, the building is
21 certified in accordance with subsection (d) as
22 being constructed, reconstructed, or retrofitted,
23 as the case may be, under a plan designed to
24 reduce energy and power consumption of the

1 building by 40 percent or more in comparison
2 to—

3 “(i) in the case of retrofits made to
4 an existing building, the baseline annual
5 energy and power consumption of the
6 building, or

7 “(ii) in any other case, a reference
8 building which meets the minimum re-
9 quirements of the International Energy
10 Conservation Code 2018 using methods of
11 calculation under subsection (d).

12 “(F) BASELINE ANNUAL ENERGY AND
13 POWER CONSUMPTION.—The baseline annual
14 energy and power consumption of any building
15 shall be determined by using—

16 “(i) a building energy performance
17 benchmarking tool designated for purposes
18 of this paragraph by the Administrator of
19 the Environmental Protection Agency,
20 which is based upon energy and power con-
21 sumption data during the 1-year period
22 ending on the date on which retrofits
23 under the plan are placed in service, or

1 “(ii) such other methods of calculation
2 as certified by the Secretary in accordance
3 with subsection (d).

4 “(G) RELATED PERSONS.—For purposes
5 of subparagraph (D), a person is related to an-
6 other person if—

7 “(i) the persons are members of an
8 affiliated group (as defined in section
9 1504), or

10 “(ii) the persons have a relationship
11 described in subsection (b) of section 267;
12 except that, for purposes of this clause, the
13 phrase ‘80 percent or more’ shall be sub-
14 stituted for the phrase ‘more than 50 per-
15 cent’ each place it appears in such sub-
16 section and rules similar to the rules of
17 subsections (c) and (e) (other than para-
18 graphs (4) and (5) thereof) shall apply.”.

19 (d) CONFORMING AMENDMENT.—Section 45L(d) is
20 amended by striking “subsection (e)” both places it ap-
21 pears and inserting “subsection (b)(5) or (e)”.

22 (e) EFFECTIVE DATES.—

23 (1) EXTENSION.—The amendment made by
24 subsection (a) shall apply to property placed in serv-
25 ice after December 31, 2017.

1 (2) QUALIFIED ENERGY EFFICIENT RENTAL
2 PROPERTY.—The amendments made by subsections
3 (b), (c), and (d) shall apply to property placed in
4 service after the date of the enactment of this Act,
5 in taxable years ending after such date.

6 **SEC. 3. EXTENSION OF ENERGY EFFICIENT COMMERCIAL**
7 **BUILDINGS DEDUCTION.**

8 (a) IN GENERAL.—Section 179D(h) of the Internal
9 Revenue Code of 1986 is amended by striking “December
10 31, 2017” and inserting “December 31, 2020”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to property placed in service after
13 December 31, 2017.

14 **SEC. 4. ELIMINATION OF BASIS REDUCTION FOR LOW-IN-**
15 **COME HOUSING PROPERTIES RECEIVING**
16 **CERTAIN ENERGY BENEFITS.**

17 (a) NEW ENERGY EFFICIENT HOME CREDIT.—Sub-
18 section (e) of section 45L of the Internal Revenue Code
19 of 1986 is amended—

20 (1) by striking “ADJUSTMENT.—For purposes”
21 and inserting “ADJUSTMENT.—

22 “(1) IN GENERAL.—For purposes”; and

23 (2) by adding at the end the following new
24 paragraph:

1 “(2) EXCEPTION FOR LOW-INCOME HOUSING
2 PROPERTIES.—Paragraph (1) shall not apply to any
3 property with respect to which a credit is allowed
4 under section 42.”.

5 (b) ENERGY EFFICIENT COMMERCIAL BUILDINGS
6 DEDUCTION.—Subsection (e) of section 179D of the In-
7 ternal Revenue Code of 1986 is amended—

8 (1) by striking “REDUCTION.—For purposes”
9 and inserting “REDUCTION.—

10 “(1) IN GENERAL.—For purposes”; and

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

13 “(2) EXCEPTION FOR LOW-INCOME HOUSING
14 PROPERTIES.—Paragraph (1) shall not apply to any
15 property with respect to which a credit is allowed
16 under section 42.”.

17 (c) ENERGY CREDIT.—Paragraph (3) of section
18 50(c) of the Internal Revenue Code of 1986 is amended—

19 (1) by striking “and” at the end of subpara-
20 graph (A);

21 (2) by striking the period at the end of sub-
22 paragraph (B) and inserting “, and”; and

23 (3) by adding at the end the following new sub-
24 paragraph:

1 “(C) paragraph (1) shall not apply to any
2 property with respect to which a credit is al-
3 lowed under section 42.”.

4 (d) **EFFECTIVE DATE.**—The amendments made by
5 this section shall apply to property placed in service after
6 the date of the enactment of this Act, in taxable years
7 ending after such date.

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