

116TH CONGRESS
1ST SESSION

H. R. 4506

To amend the Internal Revenue Code of 1986 to extend and update the credit for nonbusiness energy property.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 2019

Mr. GOMEZ (for himself and Mr. KELLY of Pennsylvania) 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 update the credit for nonbusiness 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 “Home Energy Savings
5 Act”.

6 **SEC. 2. EXTENSION OF CREDIT FOR NONBUSINESS ENERGY**
7 **PROPERTY.**

8 (a) IN GENERAL.—Subsection (g)(2) of section 25C
9 of the Internal Revenue Code of 1986 is amended by strik-

1 ing “December 31, 2017” and inserting “December 31,
2 2019”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to property placed in service after
5 December 31, 2017.

6 **SEC. 3. UPDATING CREDIT FOR NONBUSINESS ENERGY**
7 **PROPERTY.**

8 (a) IN GENERAL.—Section 25C of the Internal Rev-
9 enue Code of 1986, as amended by section 2, is amend-
10 ed—

11 (1) in subsection (a)(1), by striking “10 per-
12 cent” and inserting “15 percent”,

13 (2) in subsection (b)—

14 (A) in paragraph (1)—

15 (i) by striking “\$500” and inserting
16 “\$1,200”, and

17 (ii) by striking “December 31, 2005”
18 and inserting “December 31, 2019”, and

19 (B) by striking paragraphs (2) and (3) and
20 inserting the following:

21 “(2) LIMITATION ON INSULATION MATERIAL OR
22 SYSTEM.—In the case of amounts paid or incurred
23 for components described in subsection (c)(3)(A) by
24 any taxpayer for any taxable year, the credit allowed
25 under this section with respect to such amounts for

1 such year shall not exceed the excess (if any) of
2 \$600 over the aggregate credits allowed under this
3 section with respect to such amounts for all prior
4 taxable years ending after December 31, 2019.

5 “(3) LIMITATION ON WINDOWS.—

6 “(A) IN GENERAL.—

7 “(i) ENERGY STAR MOST EFFI-
8 CIENT.—In the case of amounts paid or in-
9 curred by any taxpayer for any taxable
10 year for components described in sub-
11 section (c)(3)(B) which meet the most effi-
12 cient certification under applicable Energy
13 Star program requirements, the credit al-
14 lowed under this section with respect to
15 such amounts for such year shall not ex-
16 ceed the excess (if any) of \$600 over the
17 aggregate credits allowed under this sec-
18 tion with respect to such amounts for all
19 prior taxable years ending after December
20 31, 2019.

21 “(ii) ENERGY STAR.—In the case of
22 amounts paid or incurred by any taxpayer
23 for any taxable year for components de-
24 scribed in subsection (c)(3)(B) which do
25 not meet the most efficient certification

1 under applicable Energy Star program re-
2 quirements, the credit allowed under this
3 section with respect to such amounts for
4 such year shall not exceed the excess (if
5 any) of \$200 over the aggregate credits al-
6 lowed under this section with respect to
7 such amounts for all prior taxable years
8 ending after December 31, 2019.

9 “(B) ELECTION.—

10 “(i) IN GENERAL.—For purposes of
11 any amounts paid or incurred by any tax-
12 payer for components described in sub-
13 section (c)(3)(B), the credit allowed under
14 this section shall only be allowed for com-
15 ponents described in clause (i) of subpara-
16 graph (A) or clause (ii) of such subpara-
17 graph, but not both, as elected by the tax-
18 payer during the first taxable year in
19 which such credit is being claimed by the
20 taxpayer.

21 “(ii) IRREVOCABILITY.—The Sec-
22 retary shall, through such rules, regula-
23 tions, and procedures as are determined
24 appropriate, establish procedures for mak-

ing an election under this subparagraph,
which shall require that—

“(I) any election made by the
taxpayer shall be irrevocable, and

“(II) such election shall remain
in effect for all subsequent taxable
years.

“(4) LIMITATION ON DOORS.—In the case of
amounts paid or incurred for components described
in subsection (c)(3)(C) by any taxpayer for any tax-
able year, the credit allowed under this section with
respect to such amounts for such year shall not ex-
ceed—

“(A) the excess (if any) of \$500 over the
aggregate credits allowed under this section
with respect to such amounts for all prior tax-
able years ending after December 31, 2019, or

“(B) \$250 for each exterior door.

“(5) LIMITATION ON RESIDENTIAL ENERGY
PROPERTY EXPENDITURES.—The amount of the
credit allowed under this section by reason of sub-
section (a)(2) shall not exceed—

“(A) in the case of any energy-efficient
building property—

1 “(i) for any item of property described
 2 in subparagraph (A), (B), or (C) of sub-
 3 section (d)(3), \$600, and

4 “(ii) for any item of property de-
 5 scribed in subparagraph (D) or (E) of such
 6 subsection, \$400, and

7 “(B) in the case of any qualified natural
 8 gas, propane, or oil furnace or hot water boiler
 9 (as defined in subsection (d)(4)), an amount
 10 equal to—

11 “(i) \$600 for a hot water boiler, and

12 “(ii) in the case of a furnace, an
 13 amount equal to the sum of—

14 “(I) \$300, plus

15 “(II) if the taxpayer is converting
 16 from a non-condensing furnace to a
 17 condensing furnace, \$300.”,

18 (3) in subsection (c)—

19 (A) in paragraph (2)—

20 (i) by striking subparagraphs (A) and
 21 (B) and inserting the following:

22 “(A) applicable Energy Star program re-
 23 quirements, in the case of an exterior window,
 24 a skylight, or an exterior door, and”,

1 (ii) by redesignating subparagraph
2 (C) as subparagraph (B), and

3 (iii) in subparagraph (B), as so redesi-
4 gnated, by striking “2009 International”
5 and all that follows through “Act of 2009”
6 and inserting “2015 IECC (as defined in
7 section 45L(b)(5))”,
8 (B) in paragraph (3)—

9 (i) in subparagraph (B), by adding
10 “and” at the end,

11 (ii) in subparagraph (C), by striking
12 “, and” and inserting a period, and

13 (iii) by striking subparagraph (D),
14 and

15 (C) by adding at the end the following new
16 paragraph:

17 “(5) LABOR COSTS.—The term ‘qualified en-
18 ergy efficiency improvements’ includes expenditures
19 for labor costs properly allocable to the onsite prepa-
20 ration, assembly, or original installation of any en-
21 ergy efficient building envelope component.”,

22 (4) in subsection (d)—

23 (A) in paragraph (2)(A)—

24 (i) in clause (i), by adding “or” at the
25 end,

1 (ii) in clause (ii), by striking “, or”
2 and inserting a period, and

3 (iii) by striking clause (iii),
4 (B) in paragraph (3)—

5 (i) by striking subparagraph (A) and
6 inserting the following:

7 “(A) an electric heat pump water heater
8 which, in the standard Department of Energy
9 test procedure, yields a uniform energy factor
10 of at least 3.0,”

11 (ii) in subparagraph (B), by striking
12 “January 1, 2009” and inserting “the date
13 of enactment of the Home Energy Savings
14 Act”,

15 (iii) in subparagraph (C), by striking
16 “January 1, 2009” and inserting “the date
17 of enactment of the Home Energy Savings
18 Act”,

19 (iv) by striking subparagraph (D) and
20 inserting the following:

21 “(D) a natural gas, propane, or oil water
22 heater which, in the standard Department of
23 Energy test procedure, yields—

24 “(i) in the case of a storage tank
25 water heater—

1 “(I) in the case of a medium-
2 draw water heater, a uniform energy
3 factor of not less than 0.78, and

4 “(II) in the case of a high-draw
5 water heater, a uniform energy factor
6 of not less than 0.80, and

7 “(ii) in the case of a tankless water
8 heater—

9 “(I) in the case of a medium-
10 draw water heater, a uniform energy
11 factor of not less than 0.87, and

12 “(II) in the case of a high-draw
13 water heater, a uniform energy factor
14 of not less than 0.90, and”, and

15 (v) in subparagraph (E), by striking
16 “of at least 75 percent” and inserting the
17 following: “(as determined pursuant to the
18 applicable list published by the Environ-
19 mental Protection Agency for certified
20 wood stoves, hydronic heaters, or forced-air
21 furnaces) of at least—

22 “(i) in the case of any stove placed in
23 service before January 1, 2021, 73 per-
24 cent, and

1 “(ii) in the case of any stove placed in
2 service after December 31, 2020, 75 per-
3 cent.”,

4 (C) in paragraph (4), by striking “not less
5 than 95” and inserting the following: “not less
6 than—

7 “(A) in the case of a furnace, 97 percent,
8 and

9 “(B) in the case of a hot water boiler, 95
10 percent.”,

11 (D) by striking paragraph (5), and

12 (E) by redesignating paragraph (6) as
13 paragraph (5),

14 (5) in subsection (e), by adding the following
15 new paragraphs at the end:

16 “(4) INSTALLATION STANDARDS.—The terms
17 ‘energy efficient building envelope component’ and
18 ‘qualified energy property’ shall not include any
19 components or property which are not installed ac-
20 cording to any applicable Air Conditioning Contrac-
21 tors of America Quality Installation standards which
22 are in effect at the time that such components or
23 property are placed in service.

24 “(5) REPLACEMENT OF TERMINATED STAND-
25 ARDS.—In the case of any standard, requirement, or

1 criteria applicable to any energy efficient building
2 envelope component or qualified energy property
3 which is terminated after the date of enactment of
4 the Home Energy Savings Act, the Secretary, in
5 consultation with the Secretary of Energy, shall
6 identify a similar standard, requirement, or criteria
7 for purposes of determining the eligibility of any
8 such component or property for purposes of credit
9 allowed under this section.”, and

10 (6) in subsection (g)(2), by striking “December
11 31, 2019” and inserting “December 31, 2026”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to property placed in service after
14 December 31, 2019.

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