

117TH CONGRESS
1ST SESSION

S. 1753

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

IN THE SENATE OF THE UNITED STATES

MAY 20, 2021

Ms. HASSAN (for herself and Ms. COLLINS) introduced the following bill;
which was read twice and referred to the Committee on Finance

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. UPDATING CREDIT FOR NONBUSINESS ENERGY**
7 **PROPERTY.**

8 (a) IN GENERAL.—Section 25C of the Internal Rev-
9 enue Code of 1986 is amended—

(1) in subsection (a)(1), by striking “10 percent” and inserting “15 percent”,

(2) in subsection (b)—

(A) in paragraph (1)—

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

(ii) by striking “December 31, 2005” and inserting “December 31, 2021”, and

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

“(2) LIMITATION ON WINDOW ATTACHMENT PRODUCTS.—In the case of amounts paid or incurred for products described in subsection (c)(2)(B) by any taxpayer for any taxable year, the credit allowed under this section with respect to such amounts for such year shall not exceed the excess (if any) of \$600 over the aggregate credits allowed under this section with respect to such amounts for all prior taxable years ending after December 31, 2021.

“(3) LIMITATION ON INSULATION MATERIAL OR SYSTEM.—In the case of amounts paid or incurred for components described in subparagraph (A) or (D) of subsection (c)(3) by any taxpayer for any taxable year, the credit allowed under this section with

1 respect to such amounts for such year shall not ex-
2 ceed the excess (if any) of \$600 over the aggregate
3 credits allowed under this section with respect to
4 such amounts for all prior taxable years ending after
5 December 31, 2021.

6 “(4) LIMITATION ON WINDOWS.—

7 “(A) IN GENERAL.—

8 “(i) ENERGY STAR MOST EFFI-
9 CIENT.—In the case of amounts paid or in-
10 curred by any taxpayer for any taxable
11 year for components described in sub-
12 section (c)(3)(B) which meet the most effi-
13 cient certification under applicable Energy
14 Star program requirements, the credit al-
15 lowed under this section with respect to
16 such amounts for such year shall not ex-
17 ceed the excess (if any) of \$600 over the
18 aggregate credits allowed under this sec-
19 tion with respect to such amounts for all
20 prior taxable years ending after December
21 31, 2021.

22 “(ii) ENERGY STAR.—In the case of
23 amounts paid or incurred by any taxpayer
24 for any taxable year for components de-
25 scribed in subsection (c)(3)(B) which do

1 not meet the most efficient certification
2 under applicable Energy Star program re-
3 quirements, the credit allowed under this
4 section with respect to such amounts for
5 such year shall not exceed the excess (if
6 any) of \$200 over the aggregate credits al-
7 lowed under this section with respect to
8 such amounts for all prior taxable years
9 ending after December 31, 2021.

10 “(B) ELECTION.—

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

22 “(ii) IRREVOCABILITY.—The Sec-
23 retary shall, through such rules, regula-
24 tions, and procedures as are determined
25 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.

“(5) 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, 2021, or

“(B) \$250 for each exterior door.

“(6) 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 clause (ii) of subparagraph (A) of sub-
 3 section (d)(3), \$800,

4 “(ii) for any item of property de-
 5 scribed in clause (i) or (iii) of such sub-
 6 paragraph, \$600, and

7 “(iii) for any item of property de-
 8 scribed in clause (iv) of such subpara-
 9 graph, \$400, and

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

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

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

17 “(I) \$300, plus

18 “(II) if the taxpayer is converting
 19 from a non-condensing furnace to a
 20 condensing furnace, \$300.”,

21 (3) in subsection (c)—

22 (A) in paragraph (2), by striking subpara-
 23 graphs (A) through (C) and inserting the fol-
 24 lowing:

1 “(A) in the case of an exterior window, a
2 skylight, or an exterior door, applicable Energy
3 Star program requirements,

4 “(B) in the case of any window attachment
5 product, the applicable certification require-
6 ments for such product under the Attachments
7 Energy Rating Council Certification Program,
8 and

9 “(C) in the case of any other component,
10 the prescriptive criteria for such component es-
11 tablished by the International Energy Conserva-
12 tion Code, as such Code (including supple-
13 ments) is in effect on January 1 of the calendar
14 year in which such component is installed.”,

15 (B) in paragraph (3), by striking subpara-
16 graph (D) and inserting the following:

17 “(D) any air barrier material, system, or
18 assembly which is specifically and primarily de-
19 signed to minimize the passage of air through
20 the building thermal envelope and its assemblies
21 when installed in or on a dwelling unit.”, and

22 (C) by adding at the end the following new
23 paragraph:

24 “(5) LABOR COSTS.—The term ‘qualified en-
25 ergy efficiency improvements’ includes expenditures

for labor costs properly allocable to the onsite preparation, assembly, or original installation of any energy efficient building envelope component.”,

(4) in subsection (d)—

(A) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (i), by adding “or”

at the end,

(II) in clause (ii), by striking “,

or” and inserting a period, and

(III) by striking clause (iii), and

(ii) by striking subparagraphs (B) and

(C) and inserting the following:

“(B) EFFICIENCY STANDARDS.—Property

described in subparagraph (A) shall meet or exceed

the requirements of the highest efficiency

tier (not including any advanced tier) established

by the Consortium for Energy Efficiency

which are in effect on January 1 of the calendar

year in which the property was acquired.”,

(B) by striking paragraph (3) and inserting

the following:

1 “(3) ENERGY-EFFICIENT BUILDING PROP-
 2 ERTY.—The term ‘energy-efficient building property’
 3 means property which—

4 “(A) is—

5 “(i) an electric heat pump water heat-
 6 er,

7 “(ii) an electric heat pump,

8 “(iii) a central air conditioner, or

9 “(iv) a natural gas, propane, or oil
 10 water heater, and

11 “(B) meets or exceeds the requirements of
 12 the highest efficiency tier (not including any ad-
 13 vanced tier) established by the Consortium for
 14 Energy Efficiency which are in effect on Janu-
 15 ary 1 of the calendar year in which the property
 16 was acquired.”,

17 (C) in paragraph (4), by striking “achieves
 18 an annual fuel utilization efficiency rate of not
 19 less than 95” and inserting “meets or exceeds
 20 the requirements of the highest efficiency tier
 21 (not including any advanced tier) established by
 22 the Consortium for Energy Efficiency which are
 23 in effect on January 1 of the calendar year in
 24 which the property was acquired”, and

25 (D) by striking paragraph (5),

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

3 “(4) INSTALLATION STANDARDS.—The terms
4 ‘energy efficient building envelope component’ and
5 ‘qualified energy property’ shall not include any
6 components or property which are not installed ac-
7 cording to any applicable Air Conditioning Contrac-
8 tors of America Quality Installation standards which
9 are in effect at the time that such components or
10 property are placed in service.

11 “(5) REPLACEMENT OF TERMINATED STAND-
12 ARDS.—In the case of any standard, requirement, or
13 criteria applicable to any energy efficient building
14 envelope component or qualified energy property
15 which is terminated after the date of enactment of
16 the Home Energy Savings Act, the Secretary, in
17 consultation with the Secretary of Energy, shall
18 identify a similar standard, requirement, or criteria
19 for purposes of determining the eligibility of any
20 such component or property for purposes of credit
21 allowed under this section.”, and

22 (6) in subsection (g)(2), by striking “December
23 31, 2021” and inserting “December 31, 2028”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service after
3 December 31, 2021.

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