

110TH CONGRESS  
1ST SESSION

# H. R. 550

To amend the Internal Revenue Code of 1986 to extend the investment tax credit with respect to solar energy property and qualified fuel cell property, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 18, 2007

Mr. McNULTY (for himself and Mr. CAMP of Michigan) 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 extend the investment tax credit with respect to solar energy property and qualified fuel cell property, 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 “Securing America’s  
5 Energy Independence Act of 2007”.

1 **SEC. 2. EXTENSION AND MODIFICATION OF INVESTMENT**  
2 **TAX CREDIT WITH RESPECT TO SOLAR EN-**  
3 **ERGY PROPERTY AND QUALIFIED FUEL CELL**  
4 **PROPERTY.**

5 (a) **SOLAR ENERGY PROPERTY.**—Paragraphs  
6 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) of the Internal  
7 Revenue Code of 1986 are each amended by striking  
8 “2008” and inserting “2017”.

9 (b) **ELIGIBLE FUEL CELL PROPERTY.**—Paragraph  
10 (1)(E) of section 48(c) of the Internal Revenue Code of  
11 1986 is amended by striking “2007” and inserting  
12 “2016”.

13 (c) **ENERGY PROPERTY TO INCLUDE EXCESS EN-**  
14 **ERGY STORAGE DEVICE.**—Clause (i) of section  
15 48(a)(3)(A) of such Code is amended to read as follows:

16 “(i) equipment which uses solar en-  
17 ergy to generate electricity, to heat or cool  
18 (or provide hot water for use in) a struc-  
19 ture, or to provide solar process heat, or  
20 advanced energy storage systems installed  
21 as an integrated component of the fore-  
22 going, excepting property used to generate  
23 energy for purposes of heating a swimming  
24 pool.”.

25 (d) **SOLAR LIGHTING EQUIPMENT TO INCLUDE**  
26 **SOLAR HYBRID LIGHTING SYSTEMS.**—Clause (ii) of sec-

1 tion 48(a)(3)(A) of such Code is amended to read as fol-  
2 lows:

3                   “(ii) equipment which uses solar en-  
4                   ergy to illuminate the inside of a structure  
5                   using fiber-optic distributed sunlight,”.

6       (e) MODIFICATIONS.—

7           (1) SOLAR PHOTOVOLTAIC ENERGY PROPERTY  
8       CREDIT DETERMINED SOLELY BY KILOWATT CAPAC-  
9       ITY.—

10           (A) IN GENERAL.—Subsection (a) of sec-  
11           tion 48 of such Code is amended by redesignig-  
12           nating paragraph (4) as paragraph (5) and by  
13           inserting after paragraph (3) the following new  
14           paragraph:

15           “(4) SPECIAL RULE FOR ENERGY CREDIT FOR  
16       SOLAR PHOTOVOLTAIC ENERGY PROPERTY.—

17           “(A) IN GENERAL.—For purposes of sec-  
18           tion 46, the energy credit for any taxable year  
19           for solar photovoltaic energy property described  
20           in paragraph (3)(A)(i) which is used to gen-  
21           erate electricity and which is placed in service  
22           during the taxable year is \$1,500 with respect  
23           to each half kilowatt of capacity of such prop-  
24           erty. Paragraph (2)(A)(ii) shall not apply to

1 property to which the preceding sentence ap-  
2 plies.

3 “(B) APPLICATION OF SPECIAL RULES FOR  
4 REHABILITATED OR SUBSIDIZED PROPERTY.—  
5 Rules similar to the rules of paragraphs (2)(B)  
6 and (5) shall apply to property to which this  
7 paragraph applies.”.

8 (B) CONFORMING AMENDMENT.—Sub-  
9 clause (II) of section 48(a)(2)(A)(i) of such  
10 Code is amended by striking “described in  
11 paragraph (3)(A)(i)” and inserting “which is  
12 described in paragraph (3)(A)(i) and to which  
13 paragraph (4) does not apply”.

14 (f) CREDITS ALLOWED AGAINST THE ALTERNATIVE  
15 MINIMUM TAX.—Section 38(c)(4)(B) of the Internal Rev-  
16 enue Code of 1986 (defining specified credits) is amended  
17 by striking the period at the end of clause (ii)(II) and in-  
18 serting “, and”, and by adding at the end the following  
19 new clause:

20 “(iii) the portion of the investment  
21 credit under section 46(2) as determined  
22 under clauses (i) and (ii) of section  
23 48(a)(2)(A).”.

24 (g) EFFECTIVE DATES.—

1           (1) Except as provided in paragraph (2), the  
2           amendments made by this section shall take effect  
3           on January 1, 2007.

4           (2) The amendments made by subsection (c)  
5           shall apply to property placed in service after De-  
6           cember 31, 2006.

7 **SEC. 3. EXTENSION AND MODIFICATION OF CREDIT FOR**  
8                   **RESIDENTIAL ENERGY EFFICIENT PROP-**  
9                   **ERTY.**

10          (a) **EXTENSION.**—Subsection (g) of section 25D of  
11 the Internal Revenue Code of 1986 (relating to termi-  
12 nation) is amended by striking “2008” and inserting  
13 “2016”.

14          (b) **SOLAR ELECTRIC PROPERTY.**—Paragraph (1) of  
15 section 25D(a) of such Code (relating to allowance of cred-  
16 it) is amended by striking “30 percent of”.

17          (c) **MODIFICATION OF MAXIMUM CREDIT.**—Para-  
18 graph (1) of section 25D(b) of the Internal Revenue Code  
19 of 1986 (relating to limitations) is amended to read as  
20 follows:

21               “(1) **MAXIMUM CREDIT.**—The credit allowed  
22               under subsection (a) for any taxable year shall not  
23               exceed—

24                       “(A) \$1,500 with respect to each half kilo-  
25                       watt of installed capacity of qualified solar elec-

1           tric property for which qualified solar electric  
2           property expenditures are made,

3                   “(B) \$2,000 with respect to any qualified  
4           solar water heating property expenditures, and

5                   “(C) \$500 with respect to each half kilo-  
6           watt of capacity of qualified fuel cell property  
7           (as defined in section 48(c)(1)) for which quali-  
8           fied fuel cell property expenditures are made.”.

9           (d) DEFINITION OF QUALIFIED SOLAR WATER  
10          HEATING PROPERTY EXPENDITURE.—Paragraph (1) of  
11          section 25D(d) of such Code is amended by striking “to  
12          heat water for use in” and inserting “to heat or cool (or  
13          provide hot water for use in)”.

14          (e) DEFINITION OF QUALIFIED PHOTOVOLTAIC  
15          PROPERTY EXPENDITURE.—Paragraph (2) of section  
16          25D(d) of such Code is amended by inserting “, including  
17          advanced energy storage systems installed as an inte-  
18          grated component of the foregoing” after “taxpayer”.

19          (f) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-  
20          IMUM TAX.—

21                   (1) IN GENERAL.—Section 25D(b) of the Inter-  
22          nal Revenue Code of 1986 (as amended by sub-  
23          section (b)) is amended by adding at the end the fol-  
24          lowing new paragraph:

1           “(3) CREDIT ALLOWED AGAINST ALTERNATIVE  
2           MINIMUM TAX.—The credit allowed under subsection  
3           (a) for the taxable year shall not exceed the excess  
4           of—

5                   “(A) the sum of the regular tax liability  
6                   (as defined in section 26(b)) plus the tax im-  
7                   posed by section 55, over

8                   “(B) the sum of the credits allowable  
9                   under subpart A of part IV of subchapter A  
10                  (other than this section) and section 27 for the  
11                  taxable year.”.

12           (2) CONFORMING AMENDMENTS.—

13                   (A) Subsection (c) of section 25D of such  
14                  Code is amended to read as follows:

15           “(c) CARRYFORWARD OF UNUSED CREDIT.—If the  
16           credit allowable under subsection (a) for any taxable year  
17           exceeds the limitation imposed by subsection (b)(3) for  
18           such taxable year, such excess shall be carried to the suc-  
19           ceeding taxable year and added to the credit allowable  
20           under subsection (a) for such succeeding taxable year.”.

21                   (B) Section 23(b)(4)(B) of such Code is  
22                  amended by inserting “and section 25D” after  
23                  “this section”.

1 (C) Section 24(b)(3)(B) of such Code is  
2 amended by striking “sections 23 and 25B”  
3 and inserting “sections 23, 25B, and 25D”.

4 (D) Section 26(a)(1) of such Code is  
5 amended by striking “and 25B” and inserting  
6 “25B, and 25D”.

7 (g) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to expenditures made in taxable  
9 years beginning after December 31, 2006.

10 **SEC. 4. 3-YEAR ACCELERATED DEPRECIATION PERIOD FOR**  
11 **SOLAR ENERGY PROPERTY AND FUEL CELL**  
12 **PROPERTY.**

13 (a) IN GENERAL.—Subparagraph (A) of section  
14 168(e)(3) of the Internal Revenue Code of 1986 is amend-  
15 ed by striking “and” at the end of clause (ii), by striking  
16 the period at the end of clause (iii) and inserting a comma,  
17 and by inserting after clause (iii) the following new clause:

18 “(iv) any property which is described  
19 in clause (i) or (ii) of section 48(a)(3)(A)  
20 (or would be so described if the last sen-  
21 tence of such section did not apply to such  
22 clause), and

23 “(v) any property which is described  
24 in clause (iv) of section 48(a)(3)(A).”.

