

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 4155

To amend the Internal Revenue Code of 1986 to permit the issuance of tax-exempt bonds for financing clean energy improvements under State and local property assessed clean energy programs.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 2009

Mr. SARBANES 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 permit the issuance of tax-exempt bonds for financing clean energy improvements under State and local property assessed clean energy programs.

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 “Property Assessed  
5        Clean Energy Tax Benefits Act of 2009”.

1 **SEC. 2. PROPERTY ASSESSED CLEAN ENERGY BONDS.**

2 (a) IN GENERAL.—Section 144 of the Internal Rev-  
3 enue Code of 1986 is amended by adding at the end the  
4 following new subsection:

5 “(d) PROPERTY ASSESSED CLEAN ENERGY  
6 BONDS.—For purposes of this part—

7 “(1) IN GENERAL.—The term ‘property as-  
8 sessed clean energy bond’ means any bond issued as  
9 part of an issue 95 percent or more of the net pro-  
10 ceeds of which are to be used to finance clean energy  
11 improvements under a qualified property assessed  
12 clean energy program.

13 “(2) QUALIFIED PROPERTY ASSESSED CLEAN  
14 ENERGY PROGRAM.—For purposes of this sub-  
15 section—

16 “(A) IN GENERAL.—The term ‘qualified  
17 property assessed clean energy program’ means  
18 a program of a State or local government (or  
19 a political subdivision thereof) under which such  
20 State or local government finances clean energy  
21 improvements with respect to any building in  
22 exchange for an assessment with respect to  
23 such building under an agreement which—

24 “(i) is between the State or local gov-  
25 ernment and the owner of the building,

1 “(ii) provides for an initial energy use  
2 audit of the building with respect to which  
3 clean energy improvements are to be made,

4 “(iii) requires disclosure of the State  
5 or local government’s estimate of utility  
6 savings for any proposed clean energy im-  
7 provements,

8 “(iv) provides that the State or local  
9 government shall arrange and finance any  
10 clean energy improvements, and

11 “(v) specifies the term and rate of as-  
12 sessment with respect to the building for  
13 such clean energy improvements.

14 “(B) CLEAN ENERGY IMPROVEMENTS.—

15 For purposes of this subsection—

16 “(i) IN GENERAL.—The term ‘clean  
17 energy improvements’ means any distrib-  
18 uted generation renewable energy sources,  
19 energy efficiency improvements, or water  
20 efficiency improvements which—

21 “(I) are permanently fixed to the  
22 building, and

23 “(II) will result in a 20 percent  
24 savings from the previous level of con-  
25 sumption with respect to the building

1 as determined in the energy audit de-  
2 scribed in subparagraph (A)(ii).

3 “(ii) SPECIAL RULE RELATING TO  
4 DISTRIBUTED GENERATION RENEWABLE  
5 ENERGY SOURCES.—A distributed genera-  
6 tion renewable energy source shall not be  
7 treated as a clean energy improvement  
8 with respect to a building unless energy ef-  
9 ficiency improvements or water efficiency  
10 improvements are made with respect to  
11 such building under the program.”.

12 (b) TREATED AS QUALIFIED BOND.—Paragraph (1)  
13 of section 141(e) of such Code is amended by striking “or”  
14 at the end of subparagraph (F), by striking the period  
15 at the end of subparagraph (G) and inserting “, or”, and  
16 by adding at the end the following new subparagraph:

17 “(H) a property assessed clean energy  
18 bond.”.

19 (c) CLERICAL AMENDMENTS.—

20 (1) The heading of section 144 of such Code is  
21 amended by striking “**BOND.**” and inserting  
22 “**BOND; PROPERTY ASSESSED CLEAN ENERGY**  
23 **BOND.**”

24 (2) The item relating to section 144 in the table  
25 of sections for subpart A of part IV of subchapter

1        B of chapter 1 of such Code is amended to read as  
2        follows:

      “Sec. 144. Qualified small issuer bond; qualified student loan bond; qualified  
          development bond; property assessed clean energy bond.”.

3        (d) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall apply to bonds issued after the date of  
5 the enactment of this Act.

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