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(Original Signature of Member)

116TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

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.

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IN THE HOUSE OF REPRESENTATIVES

Mr. LANGEVIN introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Building Efficiently  
3 Act of 2019”.

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

6 (a) **EXTENSION OF CREDIT.**—Section 45L(g) of the  
7 Internal Revenue Code of 1986 is amended by striking  
8 “December 31, 2017” and inserting “December 31,  
9 2020”.

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

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

23 (c) **QUALIFIED ENERGY EFFICIENT RESIDENTIAL  
24 RENTAL PROPERTY DEFINED.**—Subsection (b) of section  
25 45L of such Code is amended by adding at the end the  
26 following:

1           “(5) QUALIFIED ENERGY EFFICIENT RESIDEN-  
2           TIAL RENTAL PROPERTY.—

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

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

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

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

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

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

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

1                   “(ii) the original use of the improved  
2                   building commences with the taxpayer,

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

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

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

13                   “(i) is acquired by purchase from an  
14                   unrelated person,

15                   “(ii) meets the certification require-  
16                   ments of subparagraph (E), and

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

20                  “(E) CERTIFICATION REQUIREMENTS.—

21                  The requirements of this subparagraph are met  
22                  if, with respect to a building, the building is  
23                  certified in accordance with subsection (d) as  
24                  being constructed, reconstructed, or retrofitted,  
25                  as the case may be, under a plan designed to

1           reduce energy and power consumption of the  
2           building by 40 percent or more in comparison  
3           to—

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

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

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

17                   “(i) a building energy performance  
18                   benchmarking tool designated for purposes  
19                   of this paragraph by the Administrator of  
20                   the Environmental Protection Agency,  
21                   which is based upon energy and power con-  
22                   sumption data during the 1-year period  
23                   ending on the date on which retrofits  
24                   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 (c)” both places it ap-  
21                   pears and inserting “subsection (b)(5) or (c)”.

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.