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

SEPTEMBER 26, 2019

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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Home Energy Savings Act”.

SEC. 2. EXTENSION OF CREDIT FOR NONBUSINESS ENERGY PROPERTY.

(a) IN GENERAL.—Subsection (g)(2) of section 25C of the Internal Revenue Code of 1986 is amended by strik-
ing “December 31, 2017” and inserting “December 31, 2019”.

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

SEC. 3. UPDATING CREDIT FOR NONBUSINESS ENERGY PROPERTY.

(a) IN GENERAL.—Section 25C of the Internal Revenue Code of 1986, as amended by section 2, 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, 2019”, and

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

“(2) LIMITATION ON INSULATION MATERIAL OR SYSTEM.—In the case of amounts paid or incurred for components described in subsection (c)(3)(A) 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, 2019.

“(3) LIMITATION ON WINDOWS.—

“(A) IN GENERAL.—

“(i) ENERGY STAR MOST EFFICIENT.—In the case of amounts paid or incurred by any taxpayer for any taxable year for components described in subsection (c)(3)(B) which meet the most efficient certification under applicable Energy Star program requirements, 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, 2019.

“(ii) ENERGY STAR.—In the case of amounts paid or incurred by any taxpayer for any taxable year for components described in subsection (c)(3)(B) which do not meet the most efficient certification
under applicable Energy Star program requirements, the credit allowed under this section with respect to such amounts for such year shall not exceed the excess (if any) of $200 over the aggregate credits allowed under this section with respect to such amounts for all prior taxable years ending after December 31, 2019.

“(B) Election.—

“(i) In general.—For purposes of any amounts paid or incurred by any taxpayer for components described in subsection (c)(3)(B), the credit allowed under this section shall only be allowed for components described in clause (i) of subparagraph (A) or clause (ii) of such subparagraph, but not both, as elected by the taxpayer during the first taxable year in which such credit is being claimed by the taxpayer.

“(ii) Irrevocability.—The Secretary shall, through such rules, regulations, and procedures as are determined appropriate, establish procedures for mak-
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    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 taxable year, the credit allowed under this section with respect to such amounts for such year shall not exceed—

    “(A) the excess (if any) of $500 over the aggregate credits allowed under this section with respect to such amounts for all prior taxable 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 subsection (a)(2) shall not exceed—

    “(A) in the case of any energy-efficient building property—
“(i) for any item of property described in subparagraph (A), (B), or (C) of subsection (d)(3), $600, and

“(ii) for any item of property described in subparagraph (D) or (E) of such subsection, $400, and

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

“(i) $600 for a hot water boiler, and

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

“(I) $300, plus

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

(3) in subsection (c)—

(A) in paragraph (2)—

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

“(A) applicable Energy Star program requirements, in the case of an exterior window, a skylight, or an exterior door, and”,
(ii) by redesignating subparagraph (C) as subparagraph (B), and

(iii) in subparagraph (B), as so redesignated, by striking “2009 International” and all that follows through “Act of 2009” and inserting “2015 IECC (as defined in section 45L(b)(5))”,

(B) in paragraph (3)—

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

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

(iii) by striking subparagraph (D), and

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

“(5) LABOR COSTS.—The term ‘qualified energy 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)(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),
(B) in paragraph (3)—
(i) by striking subparagraph (A) and
inserting the following:
“(A) an electric heat pump water heater
which, in the standard Department of Energy
test procedure, yields a uniform energy factor
of at least 3.0,”,
(ii) in subparagraph (B), by striking
“January 1, 2009” and inserting “the date
of enactment of the Home Energy Savings
Act”,
(iii) in subparagraph (C), by striking
“January 1, 2009” and inserting “the date
of enactment of the Home Energy Savings
Act”,
(iv) by striking subparagraph (D) and
inserting the following:
“(D) a natural gas, propane, or oil water
heater which, in the standard Department of
Energy test procedure, yields—
“(i) in the case of a storage tank
water heater—
“(I) in the case of a medium-draw water heater, a uniform energy factor of not less than 0.78, and
“(II) in the case of a high-draw water heater, a uniform energy factor of not less than 0.80, and
“(ii) in the case of a tankless water heater—
“(I) in the case of a medium-draw water heater, a uniform energy factor of not less than 0.87, and
“(II) in the case of a high-draw water heater, a uniform energy factor of not less than 0.90, and”, and
(v) in subparagraph (E), by striking “of at least 75 percent” and inserting the following: “(as determined pursuant to the applicable list published by the Environmental Protection Agency for certified wood stoves, hydronic heaters, or forced-air furnaces) of at least—
“(i) in the case of any stove placed in service before January 1, 2021, 73 percent, and
“(ii) in the case of any stove placed in service after December 31, 2020, 75 percent.”,

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

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

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

(D) by striking paragraph (5), and

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

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

“(4) INSTALLATION STANDARDS.—The terms ‘energy efficient building envelope component’ and ‘qualified energy property’ shall not include any components or property which are not installed according to any applicable Air Conditioning Contractors of America Quality Installation standards which are in effect at the time that such components or property are placed in service.

“(5) REPLACEMENT OF TERMINATED STANDARDS.—In the case of any standard, requirement, or
criteria applicable to any energy efficient building envelope component or qualified energy property which is terminated after the date of enactment of the Home Energy Savings Act, the Secretary, in consultation with the Secretary of Energy, shall identify a similar standard, requirement, or criteria for purposes of determining the eligibility of any such component or property for purposes of credit allowed under this section.”, and

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

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