

112TH CONGRESS
1ST SESSION

S. 1914

To amend the Internal Revenue Code of 1986 to provide a credit for performance based home energy improvements, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 18, 2011

Ms. SNOWE (for herself, Mr. BINGAMAN, and Mrs. FEINSTEIN) 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 provide a credit for performance based home energy improvements, 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; ETC.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Cut Energy Bills at Home Act”.

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
2 sion of the Internal Revenue Code of 1986.

3 **SEC. 2. PERFORMANCE BASED HOME ENERGY IMPROVE-**
4 **MENTS.**

5 (a) IN GENERAL.—Subpart A of part IV of sub-
6 chapter A of chapter 1 is amended by adding at the end
7 the following new section:

8 **“SEC. 25E. PERFORMANCE BASED ENERGY IMPROVE-**
9 **MENTS.**

10 “(a) IN GENERAL.—In the case of an individual,
11 there shall be allowed as a credit against the tax imposed
12 by this chapter for the taxable year for a qualified whole
13 home energy efficiency retrofit an amount determined
14 under subsection (b).

15 “(b) AMOUNT DETERMINED.—

16 “(1) IN GENERAL.—Subject to paragraph (4),
17 the amount determined under this subsection is
18 equal to—

19 “(A) the base amount under paragraph
20 (2), increased by

21 “(B) the amount determined under para-
22 graph (3).

23 “(2) BASE AMOUNT.—For purposes of para-
24 graph (1)(A), the base amount is \$2,000, but only
25 if the energy use for the residence is reduced by at

1 least 20 percent below the baseline energy use for
2 such residence as calculated according to paragraph
3 (5).

4 “(3) INCREASE AMOUNT.—For purposes of
5 paragraph (1)(B), the amount determined under this
6 paragraph is \$500 for each additional 5 percentage
7 point reduction in energy use.

8 “(4) LIMITATION.—In no event shall the
9 amount determined under this subsection exceed the
10 lesser of—

11 “(A) \$5,000 with respect to any residence,
12 or

13 “(B) 30 percent of the qualified home en-
14 ergy efficiency expenditures paid or incurred by
15 the taxpayer under subsection (c) with respect
16 to such residence.

17 “(5) DETERMINATION OF ENERGY USE REDUC-
18 TION.—For purposes of this subsection—

19 “(A) IN GENERAL.—The reduction in en-
20 ergy use for any residence shall be determined
21 by modeling the annual predicted percentage re-
22 duction in total energy costs for heating, cool-
23 ing, hot water, and permanent lighting. It shall
24 be modeled using computer modeling software
25 approved under subsection (d)(2) and a baseline

1 energy use calculated according to subsection
2 (d)(1)(C).

3 “(B) ENERGY COSTS.—For purposes of
4 subparagraph (A), the energy cost per unit of
5 fuel for each fuel type shall be determined by
6 dividing the total actual energy bill for the resi-
7 dence for that fuel type for the most recent
8 available 12-month period by the total energy
9 units of that fuel type used over the same pe-
10 riod.

11 “(c) QUALIFIED HOME ENERGY EFFICIENCY EX-
12 PENDITURES.—For purposes of this section, the term
13 ‘qualified home energy efficiency expenditures’—

14 “(1) means any amount paid or incurred by the
15 taxpayer during the taxable year for a qualified
16 whole home energy efficiency retrofit, including the
17 cost of diagnostic procedures, labor, and modeling,

18 “(2) includes only measures that have an aver-
19 age estimated life of 5 years or more as determined
20 by the Secretary, after consultation with the Sec-
21 retary of Energy,

22 “(3) does not include any amount which is paid
23 or incurred in connection with any expansion of the
24 building envelope of the residence, and

1 “(4) does not include improvements to swim-
2 ming pools or hot tubs or any other expenditure spe-
3 cifically excluded by the Secretary, after consultation
4 with the Secretary of Energy.

5 “(d) QUALIFIED WHOLE HOME ENERGY EFFI-
6 CIENCY RETROFIT.—For purposes of this section—

7 “(1) IN GENERAL.—The term ‘qualified whole
8 home energy efficiency retrofit’ means the implemen-
9 tation of measures placed in service during the tax-
10 able year intended to reduce the energy use of the
11 principal residence of the taxpayer which is located
12 in the United States. A qualified whole home energy
13 efficiency retrofit shall—

14 “(A) be designed, implemented, and in-
15 stalled by a contractor which is—

16 “(i) accredited by the Building Per-
17 formance Institute (hereafter in this sec-
18 tion referred to as ‘BPI’) or a preexisting
19 BPI accreditation-based State certification
20 program with enhancements to achieve
21 State energy policy,

22 “(ii) a Residential Energy Services
23 Network (hereafter in this section referred
24 to as ‘RESNET’) accredited Energy Smart
25 Home Performance Team, or

1 “(iii) accredited by an equivalent cer-
2 tification program approved by the Sec-
3 retary, after consultation with the Sec-
4 retary of Energy, for this purpose,

5 “(B) install a set of measures modeled to
6 achieve a reduction in energy use of at least 20
7 percent below the baseline energy use estab-
8 lished in subparagraph (C), using computer
9 modeling software approved under paragraph
10 (2),

11 “(C) establish the baseline energy use by
12 calibrating the model using sections 3 and 4
13 and Annex D of BPI Standard BPI-2400-S-
14 2011: Standardized Qualification of Whole
15 House Energy Savings Estimates, or an equiva-
16 lent standard approved by the Secretary, after
17 consultation with Secretary of Energy, for this
18 purpose,

19 “(D) document the measures implemented
20 in the residence through photographs taken be-
21 fore and after the retrofit, including photo-
22 graphs of its visible energy systems and enve-
23 lope as relevant, and

24 “(E) implement a test-out procedure, fol-
25 lowing guidelines of the applicable certification

1 program specified under clause (i) or (ii) of
2 subparagraph (A), or equivalent guidelines ap-
3 proved by the Secretary, after consultation with
4 the Secretary of Energy, for this purpose, to
5 ensure—

6 “(i) the safe operation of all systems
7 post retrofit, and

8 “(ii) that all improvements are in-
9 cluded in, and have been installed accord-
10 ing to, standards of the applicable certifi-
11 cation program specified under clause (i)
12 or (ii) of subparagraph (A), or equivalent
13 standards approved by the Secretary, after
14 consultation with the Secretary of Energy,
15 for this purpose.

16 For purposes of subparagraph (A)(iii), an orga-
17 nization or State may submit an equivalent cer-
18 tification program for approval by the Sec-
19 retary, in consultation with the Secretary of
20 Energy. The Secretary shall approve or deny
21 such submission not later than 180 days after
22 receipt, and, if the Secretary fails to respond in
23 that time period, the submitted equivalent cer-
24 tification program shall be considered approved.

1 “(2) APPROVED MODELING SOFTWARE.—For
2 purposes of paragraph (1)(B), the contractor shall
3 use modeling software certified by RESNET as fol-
4 lowing the software verification test suites in section
5 4.2.1 of RESNET Publication No. 06–001 or cer-
6 tified by an alternative organization as following an
7 equivalent standard, as approved by the Secretary,
8 after consultation with the Secretary of Energy, for
9 this purpose.

10 “(3) DOCUMENTATION.—The Secretary, after
11 consultation with the Secretary of Energy, shall pre-
12 scribe regulations directing what specific documenta-
13 tion is required to be retained or submitted by the
14 taxpayer in order to claim the credit under this sec-
15 tion, which shall include, in addition to the photo-
16 graphs under paragraph (1)(D), a form approved by
17 the Secretary that is completed and signed by the
18 qualified whole home energy efficiency retrofit con-
19 tractor under penalties of perjury. Such form shall
20 include—

21 “(A) a statement that the contractor fol-
22 lowed the specified procedures for establishing
23 baseline energy use and estimating reduction in
24 energy use,

1 “(B) the name of the software used for
2 calculating the baseline energy use and reduc-
3 tion in energy use, the percentage reduction in
4 projected energy savings achieved, and a state-
5 ment that such software was certified for this
6 program by the Secretary, after consultation
7 with the Secretary of Energy,

8 “(C) a statement that the contractor will
9 retain the details of the calculations and under-
10 lying energy bills for 5 years and will make
11 such details available for inspection by the Sec-
12 retary or the Secretary of Energy, if so re-
13 quested,

14 “(D) a list of measures installed and a
15 statement that all measures included in the re-
16 duction in energy use estimate are included in,
17 and installed according to, standards of the ap-
18 plicable certification program specified under
19 clause (i) or (ii) of subparagraph (A), or equiv-
20 alent standards approved by the Secretary,
21 after consultation with the Secretary of Energy,

22 “(E) a statement that the contractor meets
23 the requirements of paragraph (1)(A), and

1 “(F) documentation of the total cost of the
2 project in order to comply with the limitation
3 under subsection (b)(4)(B).

4 “(e) ADDITIONAL RULES.—For purposes of this sec-
5 tion—

6 “(1) NO DOUBLE BENEFIT.—

7 “(A) IN GENERAL.—With respect to any
8 residence, no credit shall be allowed under this
9 section for any taxable year in which the tax-
10 payer claims a credit under section 25C.

11 “(B) RENEWABLE ENERGY SYSTEMS AND
12 APPLIANCES.—In the case of a renewable en-
13 ergy system or appliance that qualifies for an-
14 other credit under this chapter, the resulting re-
15 duction in energy use shall not be taken into
16 account in determining the percentage energy
17 use reductions under subsection (b).

18 “(C) NO DOUBLE BENEFIT FOR CERTAIN
19 EXPENDITURES.—The term ‘qualified home en-
20 ergy efficiency expenditures’ shall not include
21 any expenditure for which a deduction or credit
22 is claimed by the taxpayer under this chapter
23 for the taxable year or with respect to which
24 the taxpayer receives any Federal energy effi-
25 ciency rebate.

1 “(2) PRINCIPAL RESIDENCE.—The term ‘prin-
2 cipal residence’ has the same meaning as when used
3 in section 121.

4 “(3) SPECIAL RULES.—Rules similar to the
5 rules under paragraphs (4), (5), (6), (7), and (8) of
6 section 25D(e) and section 25C(e)(2) shall apply, as
7 determined by the Secretary, after consultation with
8 the Secretary of Energy.

9 “(4) BASIS ADJUSTMENTS.—For purposes of
10 this subtitle, if a credit is allowed under this section
11 with respect to any expenditure with respect to any
12 property, the increase in the basis of such property
13 which would (but for this paragraph) result from
14 such expenditure shall be reduced by the amount of
15 the credit so allowed.

16 “(5) ELECTION NOT TO CLAIM CREDIT.—No
17 credit shall be determined under subsection (a) for
18 the taxable year if the taxpayer elects not to have
19 subsection (a) apply to such taxable year.

20 “(6) MULTIPLE YEAR RETROFITS.—If the tax-
21 payer has claimed a credit under this section in a
22 previous taxable year, the baseline energy use for the
23 calculation of reduced energy use must be estab-
24 lished after the previous retrofit has been placed in
25 service.

1 “(f) TERMINATION.—This section shall not apply
2 with respect to any costs paid or incurred after December
3 31, 2016.

4 “(g) SECRETARY REVIEW.—The Secretary, after con-
5 sultation with the Secretary of Energy, shall establish a
6 review process for the retrofits performed, including an es-
7 timate of the usage of the credit and a statistically valid
8 analysis of the average actual energy use reductions, uti-
9 lizing utility bill data collected on a voluntary basis, and
10 report to Congress not later than June 30, 2014, any find-
11 ings and recommendations for—

12 “(1) improvements to the effectiveness of the
13 credit under this section, and

14 “(2) expansion of the credit under this section
15 to rental units.”.

16 (b) CONFORMING AMENDMENTS.—

17 (1) Section 1016(a) is amended—

18 (A) by striking “and” at the end of para-
19 graph (36),

20 (B) by striking the period at the end of
21 paragraph (37) and inserting “, and”, and

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

24 “(38) to the extent provided in section
25 25E(e)(4), in the case of amounts with respect to

1 which a credit has been allowed under section
2 25E.”.

3 (2) Section 6501(m) is amended by inserting
4 “25E(e)(5),” after “section”.

5 (3) The table of sections for subpart A of part
6 IV of subchapter A chapter 1 is amended by insert-
7 ing after the item relating to section 25D the fol-
8 lowing new item:

 “Sec. 25E. Performance based energy improvements.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to amounts paid or incurred for
11 a qualified whole home energy efficiency retrofit placed in
12 service after December 31, 2011.

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