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A bill to amend the Internal Revenue Code of 1986 to allow a credit for the conversion of heating using oil fuel to using natural gas or biomass feedstocks, and for other purposes.				

S 1643 IS

111th CONGRESS

1st Session

S. 1643

To amend the Internal Revenue Code of 1986 to allow a credit for the conversion of heating using oil fuel to using natural gas or biomass feedstocks, and for other purposes.

IN THE SENATE OF THE UNITED STATES

August 6, 2009

Ms. SNOWE (for herself and Mr. BINGAMAN) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to allow a credit for the conversion of heating using oil fuel to using natural gas or biomass feedstocks, and for other purposes.

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 `Cleaner, Secure, and Affordable Thermal Energy Act'.

SEC. 2. CREDIT FOR CONVERSION OF HOME HEATING USING OIL FUEL TO USING NATURAL GAS OR BIOMASS FEEDSTOCKS.

(a) In General- Subsection (a) of section 25C of the Internal Revenue Code of 1986 (relating to nonbusiness energy property) is amended by striking `and' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting `, and', and by adding at the end the following new paragraph:

`(3) the amount of the residential energy property expenditures paid or incurred by the taxpayer during such taxable in a qualifying heating conversion.'.

(b) Dollar Limitation-

(1) IN GENERAL- Subsection (b) of section 25C of the Internal Revenue Code of 1986 is amended to read as follows:

`(b) Limitations-

`(1) GENERAL LIMITATION- The aggregate amount of the credits allowed under this section by reason of paragraphs (1) and (2) of subsection (a) for taxable years beginning in 2009 and 2010 with respect to any taxpayer shall not exceed $1,500.

`(2) QUALIFYING HEATING CONVERSIONS- The aggregate amount of the credits allowed under this section by reason of paragraph (3) of subsection (a) for taxable years beginning in 2009, 2010, and 2011 with respect to any taxpayer shall not exceed $3,500 ($4,000 in the case of any qualifying heating conversion using biomass heating appliances described in subsection (d)(3)(E)).'.

(2) NO DOUBLE COUNTING- Section 25C(e) of such Code (relating to special rules) is amended by adding at the end the following new paragraph:

`(3) NO DOUBLE COUNTING- No amount taken into account for purposes of determining a credit under this section by reason of paragraph (3) of subsection (a) shall be taken into account for purposes of determining a credit under this section by reason of paragraphs (1) and (2) of subsection (a).'.

(c) Qualifying Heating Conversion- Section 25C(d) of the Internal Revenue Code of 1986 (relating to residential energy property expenditures) is amended by adding at the end the following new paragraph:

`(7) QUALIFYING HEATING CONVERSION-

`(A) IN GENERAL- The term `qualifying heating conversion' means the use of qualified energy property described in subparagraph (C) to eliminate the reliance on fuel oil for a heating system and the removal of the fuel oil equipment (including any storage tank).

`(B) TREATMENT OF CERTAIN EXPENDITURES- For purposes of a qualifying heating conversion, the term `residential energy property expenditures' includes fuel service connection installation costs specifically related to fuel service to the qualified energy property used in such conversion, but does not include expenditures for soil cleanup.

`(C) QUALIFIED ENERGY PROPERTY- For purposes of subparagraph (A), qualified energy property is described in this subparagraph if such property is--

`(i) a qualified natural gas hot water boiler as defined in paragraph (4)(B) by substituting `85 percent' for `90 percent',

`(ii) a qualified natural gas furnace as defined in paragraph (4)(A) by substituting `92 percent' for `95 percent', or

`(iii) a biomass heating appliance described in paragraph (3)(E).'.

(d) Biomass Heating Appliance- Subparagraph (E) of section 25C(d)(3) of the Internal Revenue Code of 1986 (defining energy-efficient building property) is amended to read as follows:

> `(E) a biomass heating appliance, including a stove, boiler, or furnace, which uses the burning of biomass fuel to heat a unit or to heat water for use in such unit, and which has a thermal efficiency rating of at least 75 percent, as measured using a lower heating value.'.

(e) Application of Credit- Subsection (g) of section 25C of the Internal Revenue Code of 1986 (relating to termination) is amended to read as follows:

`(g) Termination- This section shall not apply with respect to any property placed in service--

> `(1) except as provided in paragraph (2), after December 31, 2010, and
>
> `(2) with respect to any qualifying heating conversion, after December 31, 2011.'.

(f) Effective Date- The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 3. BONUS DEPRECIATION FOR QUALIFYING HEATING CONVERSION PROPERTY.

(a) In General- Section 168 of the Internal Revenue Code of 1986 (relating to accelerated cost recovery system) is amended by adding at the end the following new subsection:

`(o) Special Allowance for Qualifying Heating Conversion Property-

> `(1) IN GENERAL- In the case of any qualifying heating conversion property--
>
> > `(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 50 percent of the adjusted basis of the qualifying heating conversion property, and
> >
> > `(B) the adjusted basis of the qualifying heating conversion property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.
>
> `(2) QUALIFYING HEATING CONVERSION PROPERTY- For purposes of this subsection, the term `qualifying heating conversion property' means any property placed in service before January 1, 2012, which is used in a qualifying heating conversion (as defined in section 25C(d)(7), except that such conversion includes the use of a commercial natural gas hot water boiler or commercial natural gas furnace whose efficiency is not measured based on an annual fuel utilization efficiency rate but which has a combustion efficiency comparable to the efficiency rate specified under clause (i) or (ii) of section 25C(d)(7)(C) as the Secretary shall determine (in consultation with the Department of Energy)).'.

(b) Effective Date- The amendment made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 4. QUALIFIED ENERGY CONSERVATION BONDS FOR QUALIFYING HEATING CONVERSIONS.

(a) In General- Clause (i) of section 54D(f)(1)(A) of the Internal Revenue Code of 1986 (defining qualified conservation purpose) is amended by inserting `or reducing reliance on oil for heating systems in publicly-owned buildings by implementing qualifying heating conversions (as defined in section 25C(d)(7), except that such a conversion includes the use of a commercial natural gas hot water boiler or commercial natural gas furnace whose efficiency is not measured based on an annual fuel utilization efficiency rate but which has a combustion efficiency comparable to the efficiency rate specified under clause (i) or (ii) of section 25C(d)(7)(C) as the Secretary shall determine (in consultation with the Department of Energy))' after `20 percent'.

(b) Effective Date- The amendment made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 5. EXTENSION OF REDUCED DEPRECIATION PERIOD FOR NATURAL GAS DISTRIBUTION FACILITIES.

(a) In General- Clause (viii) of section 168(e)(3)(E) of the Internal Revenue Code of 1986 (defining 15-year property) is amended to read as follows:

> `(viii) any natural gas distribution facility the original use of which commences with the taxpayer after April 11, 2005, and which is placed in service before January 1, 2013, and'.

(b) Effective Date- The amendment made by this section shall take effect as if included in the amendments made section 1325(a) of the Energy Tax Incentives Act of 2005.

END