111TH CONGRESS 2D SESSION

H. R. 4424

To increase the energy credit for equipment used to generate electricity by geothermal power, to extend the grants for specified energy property, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

January 12, 2010

Mr. Sestak introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To increase the energy credit for equipment used to generate electricity by geothermal power, to extend the grants for specified energy property, 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.
- 4 This Act may be cited as the "Enhancing Renewable
- 5 Energy Investment Act".

1	SEC. 2. INCREASE OF ENERGY CREDIT FOR EQUIPMENT
2	USED TO GENERATE ELECTRICITY BY GEO-
3	THERMAL POWER.
4	(a) In General.—Clause (i) of section 48(a)(2)(A)
5	of the Internal Revenue Code of 1986 is amended—
6	(1) in subclause (III), by striking "and"; and
7	(2) by adding at the end the following:
8	"(V) energy property described in
9	paragraph (3)(A)(iii), but only with
10	respect to periods ending before Janu-
11	ary 1, 2017, and".
12	(b) Effective Date.—The amendments made by
13	this section shall apply to property placed in service after
14	the date of the enactment of this Act.
15	SEC. 3. EXTENSION OF SPECIFIED ENERGY PROPERTY
16	GRANTS IN LIEU OF CREDIT.
17	(a) In General.—Subsection (a) of section 1603 of
18	the American Recovery and Reinvestment Tax Act of 2009
19	is amended by striking "unless such property—" and all
20	that follows through the period at the end and inserting
21	the following: "unless such property is placed in service
22	before the credit termination date with respect to such
23	property.".
24	(b) Effective Date.—The amendment made by
25	this section shall apply to grants made after the date of
26	the enactment of this Act.

1	SEC. 4. NONQUALIFIED DEFERRED COMPENSATION FROM
2	CERTAIN TAX INDIFFERENT PARTIES.
3	(a) In General.—Subpart B of part II of sub-
4	chapter E of chapter 1 of the Internal Revenue Code of
5	1986 is amended by inserting after section 457 the fol-
6	lowing new section:
7	"SEC. 457A. NONQUALIFIED DEFERRED COMPENSATION
8	FROM CERTAIN TAX INDIFFERENT PARTIES.
9	"(a) In General.—Any compensation which is de-
10	ferred under a nonqualified deferred compensation plan of
11	a nonqualified entity shall be includible in gross income
12	when there is no substantial risk of forfeiture of the rights
13	to such compensation.
14	"(b) Nonqualified Entity.—For purposes of this
15	section, the term 'nonqualified entity' means—
16	"(1) any foreign corporation unless substan-
17	tially all of its income is—
18	"(A) effectively connected with the conduct
19	of a trade or business in the United States, or
20	"(B) subject to a comprehensive foreign in-
21	come tax, and
22	"(2) any partnership unless substantially all of
23	its income is allocated to persons other than—
24	"(A) foreign persons with respect to whom
25	such income is not subject to a comprehensive
26	foreign income tax, and

1	"(B) organizations which are exempt from
2	tax under this title.
3	"(c) Determinability of Amounts of Compensa-
4	TION.—
5	"(1) IN GENERAL.—If the amount of any com-
6	pensation is not determinable at the time that such
7	compensation is otherwise includible in gross income
8	under subsection (a)—
9	"(A) such amount shall be so includible in
10	gross income when determinable, and
11	"(B) the tax imposed under this chapter
12	for the taxable year in which such compensation
13	is includible in gross income shall be increased
14	by the sum of—
15	"(i) the amount of interest determined
16	under paragraph (2), and
17	"(ii) an amount equal to 20 percent of
18	the amount of such compensation.
19	"(2) Interest.—For purposes of paragraph
20	(1)(B)(i), the interest determined under this para-
21	graph for any taxable year is the amount of interest
22	at the underpayment rate under section 6621 plus
23	1 percentage point on the underpayments that would
24	have occurred had the deferred compensation been
25	includible in gross income for the taxable year in

1	which first deferred or, if later, the first taxable year
2	in which such deferred compensation is not subject
3	to a substantial risk of forfeiture.
4	"(d) Other Definitions and Special Rules.—
5	For purposes of this section—
6	"(1) Substantial risk of forfeiture.—
7	"(A) In general.—The rights of a person
8	to compensation shall be treated as subject to
9	a substantial risk of forfeiture only if such per-
10	son's rights to such compensation are condi-
11	tioned upon the future performance of substan-
12	tial services by any individual.
13	"(B) Exception for compensation
14	BASED ON GAIN RECOGNIZED ON AN INVEST-
15	MENT ASSET.—
16	"(i) In general.—To the extent pro-
17	vided in regulations prescribed by the Sec-
18	retary, if compensation is determined solely
19	by reference to the amount of gain recog-
20	nized on the disposition of an investment
21	asset, such compensation shall be treated
22	as subject to a substantial risk of for-
23	feiture until the date of such disposition.
24	"(ii) Investment asset.—For pur-
25	poses of clause (i), the term 'investment

1	asset' means any single asset (other than
2	an investment fund or similar entity)—
3	"(I) acquired directly by an in-
4	vestment fund or similar entity,
5	"(II) with respect to which such
6	entity does not (nor does any person
7	related to such entity) participate in
8	the active management of such asset
9	(or if such asset is an interest in an
10	entity, in the active management of
11	the activities of such entity), and
12	"(III) substantially all of any
13	gain on the disposition of which (other
14	than such deferred compensation) is
15	allocated to investors in such entity.
16	"(iii) Coordination with special
17	RULE.—Paragraph (3)(B) shall not apply
18	to any compensation to which clause (i)
19	applies.
20	"(2) Comprehensive foreign income tax.—
21	The term 'comprehensive foreign income tax' means,
22	with respect to any foreign person, the income tax
23	of a foreign country if—

1	"(A) such person is eligible for the benefits
2	of a comprehensive income tax treaty between
3	such foreign country and the United States, or
4	"(B) such person demonstrates to the sat-
5	isfaction of the Secretary that such foreign
6	country has a comprehensive income tax.
7	"(3) Nonqualified deferred compensa-
8	TION PLAN.—
9	"(A) IN GENERAL.—The term 'non-
10	qualified deferred compensation plan' has the
11	meaning given such term under section
12	409A(d), except that such term shall include
13	any plan that provides a right to compensation
14	based on the appreciation in value of a specified
15	number of equity units of the service recipient
16	"(B) Exception.—Compensation shall
17	not be treated as deferred for purposes of this
18	section if the service provider receives payment
19	of such compensation not later than 12 months
20	after the end of the taxable year of the service
21	recipient during which the right to the payment
22	of such compensation is no longer subject to a
23	substantial risk of forfeiture.
24	"(4) Exception for certain compensation
25	WITH DESDECT TO DEDECTIVE Y CONNECTED IN

- 1 COME.—In the case of a foreign corporation with in-
- 2 come which is taxable under section 882, this section
- 3 shall not apply to compensation which, had such
- 4 compensation had been paid in cash on the date that
- 5 such compensation ceased to be subject to a sub-
- 6 stantial risk of forfeiture, would have been deduct-
- 7 ible by such foreign corporation against such income.
- 8 "(5) APPLICATION OF RULES.—Rules similar to
- 9 the rules of paragraphs (5) and (6) of section
- 409A(d) shall apply.
- 11 "(e) Regulations.—The Secretary shall prescribe
- 12 such regulations as may be necessary or appropriate to
- 13 carry out the purposes of this section, including regula-
- 14 tions disregarding a substantial risk of forfeiture in cases
- 15 where necessary to carry out the purposes of this sec-
- 16 tion.".
- 17 (b) Conforming Amendment.—Section 26(b)(2) of
- 18 such Code is amended by striking "and" at the end of
- 19 subparagraph (V), by striking the period at the end of
- 20 subparagraph (W) and inserting ", and", and by adding
- 21 at the end the following new subparagraph:
- (X) section 457A(c)(1)(B) (relating to de-
- terminability of amounts of compensation).".
- 24 (c) CLERICAL AMENDMENT.—The table of sections
- 25 of subpart B of part II of subchapter E of chapter 1 of

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1	such Code is amended by inserting after the item relating
2	to section 457 the following new item:
	"Sec. 457A. Nonqualified deferred compensation from certain tax in different parties.".
3	(d) Effective Date.—
4	(1) In general.—Except as otherwise pro-
5	vided in this subsection, the amendments made by
6	this section shall apply to amounts deferred which
7	are attributable to services performed after Decem-
8	ber 31, 2008.
9	(2) Application to existing deferrals.—
10	In the case of any amount deferred to which the
11	amendments made by this section do not apply solely
12	by reason of the fact that the amount is attributable
13	to services performed before January 1, 2009, to the
14	extent such amount is not includible in gross income
15	in a taxable year beginning before 2018, such
16	amounts shall be includible in gross income in the
17	later of—
18	(A) the last taxable year beginning before
19	2018, or
20	(B) the taxable year in which there is no
21	substantial risk of forfeiture of the rights to

such compensation (determined in the same

manner as determined for purposes of section

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- 457A of the Internal Revenue Code of 1986, as
 added by this section).
 - (3) ACCELERATED PAYMENTS.—No later than 120 days after the date of the enactment of this Act, the Secretary shall issue guidance providing a limited period of time during which a nonqualified deferred compensation arrangement attributable to services performed on or before December 31, 2008, may, without violating the requirements of section 409A(a) of the Internal Revenue Code of 1986, be amended to conform the date of distribution to the date the amounts are required to be included in income.
 - (4) CERTAIN BACK-TO-BACK ARRANGEMENTS.—
 If the taxpayer is also a service recipient and maintains one or more nonqualified deferred compensation arrangements for its service providers under which any amount is attributable to services performed on or before December 31, 2008, the guidance issued under paragraph (4) shall permit such arrangements to be amended to conform the dates of distribution under such arrangement to the date amounts are required to be included in the income of such taxpayer under this subsection.

1 (5) ACCELERATED PAYMENT NOT TREATED AS
2 MATERIAL MODIFICATION.—Any amendment to a
3 nonqualified deferred compensation arrangement
4 made pursuant to paragraph (4) or (5) shall not be
5 treated as a material modification of the arrange6 ment for purposes of section 409A of the Internal
7 Revenue Code of 1986.

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