

117TH CONGRESS
1ST SESSION

H. R. 5187

To amend the Internal Revenue Code of 1986 to extend, increase, and modify the nonbusiness energy property credit.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 7, 2021

Mr. GOMEZ (for himself and Mr. BLUMENAUER) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to extend, increase, and modify the nonbusiness energy property credit.

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 “Home Energy Savings
5 Act of 2021”.

6 **SEC. 2. EXTENSION, INCREASE, AND MODIFICATIONS OF**
7 **NONBUSINESS ENERGY PROPERTY CREDIT.**

8 (a) **EXTENSION OF CREDIT.**—Section 25C(g)(2) is
9 amended by striking “December 31, 2021” and inserting
10 “December 31, 2031”.

1 (b) INCREASE IN CREDIT PERCENTAGE FOR QUALI-
2 FIED ENERGY EFFICIENCY IMPROVEMENTS.—Section
3 25C(a)(1) is amended by striking “10 percent” and insert-
4 ing “30 percent”.

5 (c) APPLICATION OF ANNUAL LIMITATION IN LIEU
6 OF LIFETIME LIMITATION.—Section 25C(b) is amended
7 to read as follows:

8 “(b) LIMITATIONS.—

9 “(1) IN GENERAL.—The credit allowed under
10 this section with respect to any taxpayer for any tax-
11 able year shall not exceed \$1,200.

12 “(2) WINDOWS.—The credit allowed under this
13 section by reason of subsection (a)(1) with respect to
14 any taxpayer for any taxable year shall not exceed—

15 “(A) in the aggregate with respect to all
16 exterior windows and skylights which are not
17 described in subparagraph (B), \$200,

18 “(B) in the aggregate with respect to all
19 exterior windows and skylights which meet the
20 standard for the most efficient certification
21 under applicable Energy Star program require-
22 ments, the excess (if any) of \$600 over the
23 credit so allowed with respect to all windows
24 and skylights taken into account under sub-
25 paragraph (A).

1 “(3) DOORS.—The credit allowed under this
2 section by reason of subsection (a)(1) with respect to
3 any taxpayer for any taxable year shall not exceed—

4 “(A) \$250 in the case of any exterior door,
5 and

6 “(B) \$500 in the aggregate with respect to
7 all exterior doors.”.

8 (d) MODIFICATIONS RELATED TO QUALIFIED EN-
9 ERGY EFFICIENCY IMPROVEMENTS.—

10 (1) STANDARDS FOR ENERGY EFFICIENT
11 BUILDING ENVELOPE COMPONENTS.—Section
12 25C(e)(2) is amended by striking “meets—” and all
13 that follows through the period at the end and in-
14 serting the following: “meets—

15 “(A) in the case of an exterior window, a
16 skylight, or an exterior door, applicable Energy
17 Star program requirements, and

18 “(B) in the case of any other component,
19 the prescriptive criteria for such component es-
20 tablished by the IECC standard in effect as of
21 the beginning of the calendar year which is 2
22 years prior to the calendar year in which such
23 component is placed in service.”.

24 (2) ROOFS NOT TREATED AS BUILDING ENVE-
25 LOPE COMPONENTS.—Section 25C(e)(3) is amended

1 by adding “and” at the end of subparagraph (B), by
2 striking “, and” at the end of subparagraph (C) and
3 inserting a period, and by striking subparagraph
4 (D).

5 (3) AIR BARRIER INSULATION ADDED TO DEFINITION OF BUILDING ENVELOPE COMPONENT.—Section
6 25C(c)(3)(A) is amended by striking “material
7 or system” and inserting “material or system, including
8 air barrier insulation,”.

10 (e) MODIFICATION OF RESIDENTIAL ENERGY PROPERTY EXPENDITURES.—Section 25C(d) is amended to
11 read as follows:
12

13 “(d) RESIDENTIAL ENERGY PROPERTY EXPENDITURES.—For purposes of this section—
14

15 “(1) IN GENERAL.—The term ‘residential energy property expenditures’ means expenditures
16 made by the taxpayer for qualified energy property
17 which is—
18

19 “(A) installed on or in connection with a
20 dwelling unit located in the United States and
21 used as a residence by the taxpayer, and

22 “(B) originally placed in service by the taxpayer.
23

1 Such term includes expenditures for labor costs
2 properly allocable to the onsite preparation, assem-
3 bly, or original installation of the property.

4 “(2) QUALIFIED ENERGY PROPERTY.—The
5 term ‘qualified energy property’ means any of the
6 following which meet or exceed the highest efficiency
7 tier (not including any advanced tier) established by
8 the Consortium for Energy Efficiency which is in ef-
9 fect as of the beginning of the calendar year in
10 which the property is placed in service:

11 “(A) An electric heat pump water heater.

12 “(B) An electric heat pump.

13 “(C) A central air conditioner.

14 “(D) A natural gas, propane, or oil water
15 heater.

16 “(E) A natural gas, propane, or oil furnace
17 or hot water boiler.”.

18 (f) HOME ENERGY AUDITS.—

19 (1) IN GENERAL.—Section 25C(a) is amended
20 by striking “and” at the end of paragraph (1), by
21 striking the period at the end of paragraph (2) and
22 inserting “, and”, and by adding at the end the fol-
23 lowing new paragraph:

1 “(3) 30 percent of the amount paid or incurred
2 by the taxpayer during the taxable year for home en-
3 ergy audits.”.

4 (2) LIMITATION.—Section 25C(b), as amended
5 by subsection (c), is amended adding at the end the
6 following new paragraph:

7 “(5) HOME ENERGY AUDITS.—

8 “(A) DOLLAR LIMITATION.—The amount
9 of the credit allowed under this section by rea-
10 son of subsection (a)(3) shall not exceed \$150.

11 “(B) SUBSTANTIATION REQUIREMENT.—
12 No credit shall be allowed under this section by
13 reason of subsection (a)(3) unless the taxpayer
14 includes with the taxpayer’s return of tax such
15 information or documentation as the Secretary
16 may require.”.

17 (3) HOME ENERGY AUDITS.—

18 (A) IN GENERAL.—Section 25C, as amend-
19 ed by subsection (a), is amended by redesignig-
20 nating subsections (e), (f), and (g), as sub-
21 sections (f), (g), and (h), respectively, and by
22 inserting after subsection (d) the following new
23 subsection:

24 “(e) HOME ENERGY AUDITS.—For purposes of this
25 section, the term ‘home energy audit’ means an inspection

1 and written report with respect to a dwelling unit located
2 in the United States and owned or used by the taxpayer
3 as the taxpayer’s principal residence (within the meaning
4 of section 121) which—

5 “(1) identifies the most significant and cost-ef-
6 fective energy efficiency improvements with respect
7 to such dwelling unit, including an estimate of the
8 energy and cost savings with respect to each such
9 improvement, and

10 “(2) is conducted and prepared by a home en-
11 ergy auditor that meets the certification or other re-
12 quirements specified by the Secretary (after con-
13 sultation with the Secretary of Energy, and not later
14 than 180 days after the date of the enactment of
15 this subsection) in regulations or other guidance.”.

16 (B) CONFORMING AMENDMENT.—Section
17 1016(a)(33) is amended by striking “section
18 25C(f)” and inserting “section 25C(g)”.

19 (4) LACK OF SUBSTANTIATION TREATED AS
20 MATHEMATICAL OR CLERICAL ERROR.—Section
21 6213(g)(2) is amended—

22 (A) in subparagraph (P), by striking
23 “and” at the end,

24 (B) in subparagraph (Q), by striking the
25 period at the end and inserting “, and”, and

1 (C) by adding at the end the following:

2 “(R) an omission of correct information or
3 documentation required under section
4 25C(b)(5)(B) (relating to home energy audits)
5 to be included on a return.”.

6 (g) IDENTIFICATION NUMBER REQUIREMENT.—

7 (1) IN GENERAL.—Section 25C, as amended by
8 subsections (a) and (f), is amended by redesignating
9 subsection (h) as subsection (i) and by inserting
10 after subsection (g) the following new subsection:

11 “(h) PRODUCT IDENTIFICATION NUMBER REQUIRE-
12 MENT.—

13 “(1) IN GENERAL.—No credit shall be allowed
14 under subsection (a) with respect to any item of
15 specified property placed in service after December
16 31, 2023, unless—

17 “(A) such item is produced by a qualified
18 manufacturer, and

19 “(B) the taxpayer includes the qualified
20 product identification number of such item on
21 the return of tax for the taxable year.

22 “(2) QUALIFIED PRODUCT IDENTIFICATION
23 NUMBER.—For purposes of this section, the term
24 ‘qualified product identification number’ means, with
25 respect to any item of specified property, the prod-

1 uct identification number assigned to such item by
2 the qualified manufacturer pursuant to the method-
3 ology referred to in paragraph (3).

4 “(3) QUALIFIED MANUFACTURER.—For pur-
5 poses of this section, the term ‘qualified manufac-
6 turer’ means any manufacturer of specified property
7 which enters into an agreement with the Secretary
8 which provides that such manufacturer will—

9 “(A) assign a product identification num-
10 ber to each item of specified property produced
11 by such manufacturer utilizing a methodology
12 that will ensure that such number (including
13 any alphanumeric) is unique to each such item
14 (by utilizing numbers or letters which are
15 unique to such manufacturer or by such other
16 method as the Secretary may provide),

17 “(B) label such item with such number in
18 such manner as the Secretary may provide, and

19 “(C) make periodic written reports to the
20 Secretary (at such times and in such manner as
21 the Secretary may provide) of the product iden-
22 tification numbers so assigned and including
23 such information as the Secretary may require
24 with respect to the item of specified property to
25 which such number was so assigned.

1 “(4) SPECIFIED PROPERTY.—For purposes of
2 this subsection, the term ‘specified property’ means
3 any qualified energy property and any property de-
4 scribed in subparagraph (B) or (C) of subsection
5 (c)(3).”.

6 (2) OMISSION OF CORRECT PRODUCT IDENTI-
7 FICATION NUMBER TREATED AS MATHEMATICAL OR
8 CLERICAL ERROR.—Section 6213(g)(2), as amended
9 by the preceding provisions of this Act, is amend-
10 ed—

11 (A) in subparagraph (Q), by striking
12 “and” at the end,

13 (B) in subparagraph (R), by striking the
14 period at the end and inserting “, and”, and

15 (C) by adding at the end the following:

16 “(S) an omission of a correct product iden-
17 tification number required under section 25C(h)
18 (relating to credit for nonbusiness energy prop-
19 erty) to be included on a return.”.

20 (h) EFFECTIVE DATES.—

21 (1) IN GENERAL.—Except as otherwise pro-
22 vided by this subsection, the amendments made by
23 this section shall apply to property placed in service
24 after December 31, 2021.

1 (2) HOME ENERGY AUDITS.—The amendments
2 made by subsection (f) shall apply to amounts paid
3 or incurred after December 31, 2021.

4 (3) IDENTIFICATION NUMBER REQUIREMENT.—
5 The amendments made subsection (g) shall apply to
6 property placed in service after December 31, 2023.

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