

114TH CONGRESS
2D SESSION

H. R. 6408

To amend the Internal Revenue Code of 1986 to expand the new energy efficient home credit, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 30, 2016

Mr. LANGEVIN 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 expand the new energy efficient home credit, 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 “Building Efficiently
5 Act of 2016”.

6 **SEC. 2. EXPANSION OF NEW ENERGY EFFICIENT HOME**
7 **CREDIT.**

8 (a) IN GENERAL.—Paragraph (2) of section 45L(a)
9 of the Internal Revenue Code of 1986 is amended by strik-
10 ing “and” at the end of subparagraph (A), by striking

1 the period at the end of subparagraph (B) and inserting
2 “, and”, and by adding at the end the following:

3 “(C) in lieu of subparagraphs (A) and (B),
4 in the case of qualified new energy efficient
5 home that is a qualified energy efficient resi-
6 dential rental property, 3.3 percent of the cost
7 of construction of such property, reduced by
8 any expenditure not taken into account under
9 this section by reason of subsection (f).”.

10 (b) QUALIFIED ENERGY EFFICIENT RESIDENTIAL
11 RENTAL PROPERTY DEFINED.—Subsection (b) of section
12 45L of such Code is amended by adding at the end the
13 following:

14 “(5) QUALIFIED ENERGY EFFICIENT RESIDEN-
15 TIAL RENTAL PROPERTY.—

16 “(A) IN GENERAL.—The term ‘qualified
17 energy efficient residential real property’ means
18 a building which is residential rental property
19 which is described in subparagraph (B), (C), or
20 (D).

21 “(B) NEW OR RECONSTRUCTED BUILD-
22 ING.—A building is described in this subpara-
23 graph if—

1 “(i) the certification requirements of
2 subparagraph (E) with respect to the
3 building are met,

4 “(ii) the original use of which com-
5 mences with the taxpayer, and

6 “(iii) the building is placed in service
7 after the date of the enactment of the
8 Building Efficiently Act of 2016.

9 “(C) IMPROVEMENTS TO EXISTING BUILD-
10 ING.—A building is described in this subpara-
11 graph if, only after improvements are made to
12 the building—

13 “(i) the certification requirements of
14 subparagraph (E) with respect to the
15 building are met,

16 “(ii) the original use of the improved
17 building commences with the taxpayer,

18 “(iii) the improved building is placed
19 in service after the date of the enactment
20 of the Building Efficiently Act of 2016,
21 and

22 “(iv) the taxpayer elects to the appli-
23 cation of this paragraph with respect to
24 the building.

1 “(D) BUILDINGS ACQUIRED BY PUR-
2 CHASE.—A building is described in this sub-
3 paragraph if the building—

4 “(i) is acquired by purchase from an
5 unrelated person,

6 “(ii) meets the certification require-
7 ments of subparagraph (E), and

8 “(iii) is placed in service after the
9 date of the enactment of the Building Effi-
10 ciently Act of 2016.

11 “(E) CERTIFICATION REQUIREMENTS.—

12 The requirements of this subparagraph are met
13 if, with respect to a building, the building is
14 certified in accordance with subsection (d) as
15 being constructed, reconstructed, or retrofitted,
16 as the case may be, under a plan designed to
17 reduce energy and power consumption of the
18 building by 40 percent or more in comparison
19 to—

20 “(i) in the case of retrofits made to
21 an existing building, the baseline annual
22 energy and power consumption of the
23 building, or

24 “(ii) in any other case, a reference
25 building which meets the minimum re-

1 requirements of the International Energy
2 Conservation Code 2004 using methods of
3 calculation under subsection (d).

4 “(F) BASELINE ANNUAL ENERGY AND
5 POWER CONSUMPTION.—The baseline annual
6 energy and power consumption of any building
7 shall be determined by using—

8 “(i) a building energy performance
9 benchmarking tool designated for purposes
10 of this paragraph by the Administrator of
11 the Environmental Protection Agency,
12 which is based upon energy and power con-
13 sumption data during the 1-year period
14 ending on the date on which retrofits
15 under the plan are placed in service, or

16 “(ii) such other methods of calculation
17 as certified by the Secretary in accordance
18 with subsection (d).

19 “(G) RELATED PERSONS.—For purposes
20 of subparagraph (D), a person is related to an-
21 other person if—

22 “(i) the persons are members of an
23 affiliated group (as defined in section
24 1504), or

1 “(ii) the persons have a relationship
2 described in subsection (b) of section 267;
3 except that, for purposes of this clause, the
4 phrase ‘80 percent or more’ shall be sub-
5 stituted for the phrase ‘more than 50 per-
6 cent’ each place it appears in such sub-
7 section and rules similar to the rules of
8 subsections (c) and (e) (other than para-
9 graphs (4) and (5) thereof) shall apply.”.

10 (c) CONFORMING AMENDMENT.—Section 45L(d) is
11 amended by striking “subsection (c)” both places it ap-
12 pears and inserting “subsection (b)(5) or (c)”.

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to property placed in service after
15 December 31, 2015.

16 **SEC. 3. ELIMINATION OF BASIS REDUCTION FOR LOW-IN-**
17 **COME HOUSING PROPERTIES RECEIVING**
18 **CERTAIN ENERGY BENEFITS.**

19 (a) NEW ENERGY EFFICIENT HOME CREDIT.—Sub-
20 section (e) of section 45L of the Internal Revenue Code
21 of 1986 is amended—

22 (1) by striking “ADJUSTMENT.—For purposes”
23 and inserting “ADJUSTMENT.—

24 “(1) IN GENERAL.—For purposes”, and

1 (2) by adding at the end the following new
2 paragraph:

3 “(2) EXCEPTION FOR LOW-INCOME HOUSING
4 PROPERTIES.—Paragraph (1) shall not apply to any
5 property with respect to which a credit is allowed
6 under section 42.”.

7 (b) ENERGY EFFICIENT COMMERCIAL BUILDINGS
8 DEDUCTION.—Subsection (e) of section 179D of the In-
9 ternal Revenue Code of 1986 is amended—

10 (1) by striking “REDUCTION.—For purposes”
11 and inserting “REDUCTION.—

12 “(1) IN GENERAL.—For purposes”, and

13 (2) by adding at the end the following new
14 paragraph:

15 “(2) EXCEPTION FOR LOW-INCOME HOUSING
16 PROPERTIES.—Paragraph (1) shall not apply to any
17 property with respect to which a credit is allowed
18 under section 42.”.

19 (c) ENERGY CREDIT.—Paragraph (3) of section
20 50(c) of the Internal Revenue Code of 1986 is amended—

21 (1) by striking “and” at the end of subpara-
22 graph (A),

23 (2) by striking the period at the end of sub-
24 paragraph (B) and inserting “, and”, and

1 (3) by adding at the end the following new sub-
2 paragraph:

3 “(C) paragraph (1) shall not apply to any
4 property with respect to which a credit is al-
5 lowed under section 42.”.

6 (d) **EFFECTIVE DATE.**—The amendments made by
7 this section shall apply to property placed in service after
8 December 31, 2015.

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