

115TH CONGRESS  
2D SESSION

# H. R. 6915

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

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IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 2018

Mr. LANGEVIN introduced the following bill; which was referred to the Committee on Ways and Means

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## 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 2018”.

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 2018.

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 2018,  
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 2018.

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, 2018.

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