

117TH CONGRESS  
1ST SESSION

# S. 1191

To amend the Internal Revenue Code of 1986 to include biomass heating appliances in the energy credit and to extend the credit for residential energy efficient property.

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## IN THE SENATE OF THE UNITED STATES

APRIL 15, 2021

Mr. KING (for himself, Ms. COLLINS, Ms. HASSAN, and Mrs. SHAHEEN) 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 include biomass heating appliances in the energy credit and to extend the credit for residential energy efficient property.

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 “Biomass Thermal Uti-  
5 lization Act of 2021” or the “BTU Act of 2021”.

6 **SEC. 2. INVESTMENT TAX CREDIT FOR BIOMASS HEATING**  
7 **PROPERTY.**

8 (a) IN GENERAL.—Section 48(a)(3)(A) of the Inter-  
9 nal Revenue Code of 1986 is amended—

1 (1) by striking “or” at the end of clause (vii),

2 (2) by adding “or” at the end of clause (viii),

3 and

4 (3) and by inserting after clause (viii) the fol-  
5 lowing new clause:

6 “(ix) open-loop biomass heating prop-  
7 erty (within the meaning of section  
8 45(c)(3)) heating property, including boil-  
9 ers or furnaces that operate at thermal  
10 output efficiencies of not less than 75 per-  
11 cent (measured by the lower heating value  
12 of the fuel at nominal output), that are in-  
13 stalled indoors, and that provide thermal  
14 energy in the form of heat, hot water, or  
15 steam for space heating, air conditioning,  
16 domestic hot water, or industrial process  
17 heat.”.

18 (b) OPEN-LOOP BIOMASS HEATING PROPERTY DE-  
19 FINED.—Section 48(c) of the Internal Revenue Code of  
20 1986 is amended by adding at the end the following new  
21 paragraph:

22 “(6) OPEN-LOOP BIOMASS HEATING PROP-  
23 erty.—

1           “(A) IN GENERAL.—The term ‘open-loop  
2 biomass heating property’ means any property  
3 which—

4           “(i) uses open-loop biomass (as de-  
5 fined in section 45(c)(3)) to produce ther-  
6 mal energy in the form of heat, hot water,  
7 hot air, or steam, and

8           “(ii) is used for space heating, air  
9 conditioning, domestic hot water, industrial  
10 process heat, or any combination of the  
11 foregoing.

12           “(B) REQUIREMENTS FOR BOILERS AND  
13 FURNACES.—Such term shall not include any  
14 boiler or furnace unless such boiler or fur-  
15 nace—

16           “(i) operates at thermal output effi-  
17 ciencies of not less than 75 percent (meas-  
18 ured by the lower heating value of the fuel  
19 at nominal output), and

20           “(ii) is installed indoors.”.

21           (c) ENERGY PERCENTAGE.—Section 48(a)(2)(A)(i)  
22 of such Code is amended—

23           (1) by striking “and” at the end of subclause  
24 (IV), and

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

3                           “(VI) open-loop biomass heating  
4                           property, but only with respect to  
5                           property the construction of which be-  
6                           gins before January 1, 2029, and”.

7       (d) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to periods after December 31,  
9 2020, in taxable years ending after such date, under rules  
10 similar to the rules of section 48(m) of the Internal Rev-  
11 enue Code of 1986 (as in effect on the day before the date  
12 of the enactment of the Revenue Reconciliation Act of  
13 1990).

14 **SEC. 3. EXTENSION OF RESIDENTIAL ENERGY EFFICIENT**  
15 **PROPERTY CREDIT.**

16       (a) IN GENERAL.—Section 25D(h) of the Internal  
17 Revenue Code of 1986 is amended by striking “December  
18 31, 2023” and inserting “December 31, 2028”.

19       (b) APPLICATION OF PHASEOUT.—Section 25D(g) of  
20 such Code is amended—

21           (1) by striking “before January 1, 2023” in  
22       paragraph (2) and inserting “before January 1,  
23       2022”,

24           (2) by striking “and” at the end of paragraph  
25       (2),

1           (3) by redesignating paragraph (3) as para-  
2           graph (5) and by inserting after paragraph (2) the  
3           following new paragraphs:

4           “(3) in the case of property placed in service  
5           after December 31, 2021, and before January 1,  
6           2027, 30 percent,

7           “(4) in the case of property placed in service  
8           after December 31, 2026, and before January 1,  
9           2028, 26 percent, and”, and

10          (4) by striking “December 31, 2022, and before  
11          January 1, 2024” in paragraph (5) (as so redesign-  
12          nated) and inserting “December 31, 2027, and be-  
13          fore January 1, 2029”.

14          (c) EFFECTIVE DATE.—The amendments made by  
15          this section shall apply to expenditures made after the  
16          date of the enactment of this Act.

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