

115TH CONGRESS
1ST SESSION

S. 1464

To amend the Internal Revenue Code of 1986 to expand the exclusion for energy conservation subsidies provided by public utilities to include subsidies provided by public utilities and State and local governments for water conservation and storm water management.

IN THE SENATE OF THE UNITED STATES

JUNE 28, 2017

Mrs. FEINSTEIN (for herself, Mr. HELLER, Mr. BENNET, and Mr. GARDNER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to expand the exclusion for energy conservation subsidies provided by public utilities to include subsidies provided by public utilities and State and local governments for water conservation and storm water management.

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 “Water Conservation
5 Tax Parity Act”.

1 **SEC. 2. MODIFICATIONS TO INCOME EXCLUSION FOR CON-**
2 **SERVATION SUBSIDIES.**

3 (a) IN GENERAL.—Subsection (a) of section 136 of
4 the Internal Revenue Code of 1986 is amended—

5 (1) by striking “any subsidy provided” and in-
6 serting “any subsidy—

7 “(1) provided”;

8 (2) by striking the period at the end and insert-
9 ing a comma; and

10 (3) by adding at the end the following new
11 paragraphs:

12 “(2) provided (directly or indirectly) by a public
13 utility to a customer, or by a State or local govern-
14 ment to a resident of such State or locality, for the
15 purchase or installation of any water conservation
16 measure, or

17 “(3) provided (directly or indirectly) by a storm
18 water management provider to a customer, or by a
19 State or local government to a resident of such State
20 or locality, for the purchase or installation of any
21 storm water management measure.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) DEFINITION OF WATER CONSERVATION
24 MEASURE AND STORM WATER MANAGEMENT MEAS-
25 URE.—Section 136(c) of the Internal Revenue Code
26 of 1986 is amended—

1 (A) by striking “ENERGY CONSERVATION
2 MEASURE” in the heading thereof and inserting
3 “DEFINITIONS”;

4 (B) by striking “IN GENERAL” in the
5 heading of paragraph (1) and inserting “EN-
6 ERGY CONSERVATION MEASURE”; and

7 (C) by redesignating paragraph (2) as
8 paragraph (4) and by inserting after paragraph
9 (1) the following:

10 “(2) WATER CONSERVATION MEASURE.—For
11 purposes of this section, the term ‘water conserva-
12 tion measure’ means any installation or modification
13 primarily designed to reduce consumption of water
14 or to improve the management of water demand
15 with respect to a dwelling unit.

16 “(3) STORM WATER MANAGEMENT MEASURE.—
17 For purposes of this section, the term ‘storm water
18 management measure’ means any installation or
19 modification of property primarily designed to re-
20 duce or manage amounts of storm water with re-
21 spect to a dwelling unit.”.

22 (2) DEFINITION OF PUBLIC UTILITY.—Section
23 136(c)(4) of such Code (as redesignated by para-
24 graph (1)(C)) is amended by striking subparagraph
25 (B) and inserting the following:

1 “(B) PUBLIC UTILITY.—The term ‘public
2 utility’ means a person engaged in the sale of
3 electricity, natural gas, or water to residential,
4 commercial, or industrial customers for use by
5 such customers.

6 “(C) STORM WATER MANAGEMENT PRO-
7 VIDER.—The term ‘storm water management
8 provider’ means a person engaged in the provi-
9 sion of storm water management measures to
10 the public.

11 “(D) PERSON.—For purposes of subpara-
12 graphs (B) and (C), the term ‘person’ includes
13 the Federal Government, a State or local gov-
14 ernment or any political subdivision thereof, or
15 any instrumentality of any of the foregoing.”.

16 (3) CLERICAL AMENDMENTS.—

17 (A) The heading of section 136 of such
18 Code is amended—

19 (i) by inserting “**AND WATER**” after
20 “**ENERGY**”; and

21 (ii) by striking “**PROVIDED BY PUB-
22 LIC UTILITIES**”.

23 (B) The item relating to section 136 in the
24 table of sections of part III of subchapter B of
25 chapter 1 of such Code is amended—

1 (i) by inserting “and water” after
2 “energy”; and

3 (ii) by striking “provided by public
4 utilities”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to amounts received after January
7 1, 2015.

8 (d) NO INFERENCE.—Nothing in this Act or the
9 amendments made by this Act shall be construed to create
10 any inference with respect to the proper tax treatment of
11 any subsidy received directly or indirectly from a public
12 utility, a storm water management provider, or a State
13 or local government for any water conservation measure
14 or storm water management measure before January 1,
15 2015.

○