

104TH CONGRESS
1ST SESSION

H. R. 959

To amend the Internal Revenue Code of 1986 to clarify that conservation expenditures by electric and gas utilities are deductible for the year in which paid or incurred.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 1995

Mr. McDERMOTT 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 clarify that conservation expenditures by electric and gas utilities are deductible for the year in which paid or incurred.

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 “Energy Efficiency and
5 Conservation Act of 1995”.

6 **SEC. 2. ENERGY CONSERVATION EXPENDITURES BY ELEC-**
7 **TRIC AND GAS UTILITIES.**

8 (a) IN GENERAL.—Part VI of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 (relating to

1 itemized deductions for individuals and corporations) is
2 amended by inserting after section 197 the following new
3 section:

4 **“SEC. 198. ENERGY CONSERVATION EXPENDITURES BY**
5 **ELECTRIC AND GAS UTILITIES.**

6 “(a) GENERAL RULE.—In the case of an electric or
7 gas utility, there shall be allowed as a deduction for the
8 taxable year an amount equal to the energy conservation
9 expenditures paid or incurred by the taxpayer during such
10 taxable year.

11 “(b) ENERGY CONSERVATION EXPENDITURES.—For
12 purposes of this section, the term ‘energy conservation ex-
13 penditures’ means expenditures for—

14 “(1) subsidies provided directly or indirectly to
15 customers for the purchase, installation, or modifica-
16 tion of—

17 “(A) any device or service primarily de-
18 signed to reduce consumption of electricity, nat-
19 ural gas, or steam or to improve the manage-
20 ment of energy demand, or

21 “(B) any specially defined energy property
22 (as defined in section 136(c)(2)(A)),

23 “(2) energy use consulting and audits of com-
24 mercial, residential, and industrial properties, or

1 “(3) administrative, promotional, and other
2 costs associated with expenditures described in para-
3 graph (1) or (2).

4 Such term shall not include any expenditure taken into
5 account in determining the basis of any tangible property
6 which is owned by the taxpayer and which is of a character
7 subject to the allowance for depreciation.

8 “(c) ELECTRIC OR GAS UTILITY.—For purposes of
9 this section, the term ‘electric or gas utility’ means any
10 corporation engaged in the furnishing or sale of electric
11 energy, natural gas, or steam if the rates for such furnish-
12 ing or sale have been established or approved by a State
13 or political subdivision thereof, by any agency or instru-
14 mentality of the United States, or by a public utility or
15 public service commission or other similar body of any
16 State or political subdivision thereof or of the District of
17 Columbia.”

18 (b) CONFORMING AMENDMENTS.—

19 (1) Paragraph (1) of section 263(a) of such
20 Code is amended by striking “; or” at the end of
21 subparagraph (F) and inserting a comma, by strik-
22 ing the period at the end of subparagraph (G) and
23 inserting “, or”, and by adding at the end thereof
24 the following new subparagraph:

1 “(H) expenditures for which a deduction is
2 allowed under section 198.”

3 (2) The table of sections for part VI of sub-
4 chapter B of chapter 1 of such Code is amended by
5 adding at the end thereof the following new item:

 “Sec. 198. Energy conservation expenditures by electric and gas
 utilities.”

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to expenditures paid or incurred
8 in taxable years beginning after December 31, 1980.

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