

107TH CONGRESS
1ST SESSION

H. R. 1797

To amend the Internal Revenue Code of 1986 to provide a credit against tax for qualified energy management devices, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 10, 2001

Ms. DUNN of Washington 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 provide a credit against tax for qualified energy management devices, 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 “Energy Efficiency and
5 Conservation Incentives Act of 2001”.

6 **SEC. 2. ALLOWANCE OF DEDUCTION FOR QUALIFIED EN-**
7 **ERGY MANAGEMENT DEVICES AND RETRO-**
8 **FITTED QUALIFIED METERS.**

9 (a) IN GENERAL.—Part VI of subchapter B of chap-
10 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 179A the following new
3 section:

4 **“SEC. 179B. DEDUCTION FOR QUALIFIED ENERGY MANAGE-**
5 **MENT DEVICES AND RETROFITTED METERS.**

6 “(a) ALLOWANCE OF DEDUCTION.—There shall be
7 allowed as a deduction—

8 “(1) an amount equal to \$30 for each qualified
9 energy management device originally placed in serv-
10 ice during the taxable year, and

11 “(2) for each qualified retrofitted meter origi-
12 nally placed in service during the taxable year, an
13 amount equal to the lesser of—

14 “(A) \$30, or

15 “(B) the adjusted basis of such meter.

16 “(b) DEFINITIONS.—

17 “(1) QUALIFIED ENERGY MANAGEMENT DE-
18 VICE.—For purposes of this section, the term ‘quali-
19 fied energy management device’ means any meter or
20 metering device acquired and used by an electric en-
21 ergy or natural gas supplier or service provider to
22 enable consumers or others to manage their pur-
23 chase, sale, or use of electricity or natural gas in re-
24 sponse to energy price and usage signals.

1 “(2) QUALIFIED RETROFITTED METER.—For
2 purposes of this section, the term ‘qualified retro-
3 fitted meter’ means an electric energy or natural gas
4 meter or metering device that has been modified by
5 the addition of equipment designed to enable users
6 to manage the purchase, sale, or use of electricity
7 and natural gas in response to energy price and
8 usage signals.

9 “(3) PLACED IN SERVICE.—For purposes of
10 this section, the term ‘placed in service’ means inter-
11 connected with other devices in a manner that per-
12 mits reading of energy price and usage signals on at
13 least a daily basis.

14 “(4) COST OF METERS INCLUDES COST OF IN-
15 STALLATION.—The cost of any qualified energy
16 management device or qualified retrofitted meter re-
17 ferred to in paragraph (1) or (2) shall include the
18 cost of the original installation of such property.

19 “(c) DEVICES INSTALLED OUTSIDE THE UNITED
20 STATES NOT QUALIFIED.—No deduction shall be allowed
21 under subsection (a) with respect to any qualified energy
22 management device or qualified retrofitted meter placed
23 in service outside the United States.

24 “(d) BASIS REDUCTION.—

1 “(1) IN GENERAL.—For purposes of this title,
2 the basis of any property shall be reduced by the
3 amount of the deduction with respect to such prop-
4 erty which is allowed by subsection (a).

5 “(2) ORDINARY INCOME RECAPTURE.—For
6 purposes of section 1245, the amount of the deduc-
7 tion allowable under subsection (a) with respect to
8 any property that is of a character subject to the al-
9 lowance for depreciation shall be treated as a deduc-
10 tion allowed for depreciation under section 167.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 263(a)(1) of such Code is amended
13 by striking “or” at the end of subparagraph (G), by
14 striking the period at the end of subparagraph (H)
15 and inserting “, or”, and by inserting after subpara-
16 graph (H) the following new subparagraph:

17 “(I) expenditures for which a deduction is
18 allowed under section 179B.”.

19 (2) Section 312(k)(3)(B) of such Code is
20 amended by striking “or 179A” each place it ap-
21 pears in the heading and text and inserting “, 179A,
22 or 179B”.

23 (3) Section 1016(a) of such Code is amended
24 by striking “and” at the end of paragraph (26), by
25 striking the period at the end of paragraph (27) and

1 inserting “, and”, and by inserting after paragraph
2 (27) the following new paragraph:

3 “(28) to the extent provided in section
4 179B(d)(1),”.

5 (4) Section 1245(a) of such Code is amended
6 by inserting “179B,” after “179A,” both places it
7 appears in paragraphs (2)(C) and (3)(C).

8 (5) The table of contents for subpart B of part
9 IV of subchapter A of chapter 1 of such Code is
10 amended by inserting after the item relating to sec-
11 tion 179A the following new item:

“Sec. 179B. Deduction for qualified energy management devices
and retrofitted meters.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to qualified energy management
14 devices placed in service after the date of the enactment
15 of this Act and to qualified retrofitted meters that are
16 placed in service after, or that are in use as of, the date
17 of the enactment of this Act.

18 **SEC. 3. 3-YEAR APPLICABLE RECOVERY PERIOD FOR DE-**
19 **PRECIATION OF QUALIFIED ENERGY MAN-**
20 **AGEMENT DEVICES.**

21 (a) IN GENERAL.—Subparagraph (A) of section
22 168(e)(3) of the Internal Revenue Code of 1986 (relating
23 to classification of property) is amended by striking “and”
24 at the end of clause (ii), by striking the period at the end

1 of clause (iii) and inserting “, and”, and by adding at the
2 end the following new clause:

3 “(iv) any qualified energy manage-
4 ment device.”.

5 (b) DEFINITION OF QUALIFIED ENERGY MANAGE-
6 MENT DEVICE.—Section 168(i) of such Code (relating to
7 definitions and special rules) is amended by inserting at
8 the end the following new paragraph:

9 “(15) QUALIFIED ENERGY MANAGEMENT DE-
10 VICE.—The term ‘qualified energy management de-
11 vice’ means a meter or metering device that is ac-
12 quired and used by an electric energy or natural gas
13 supplier or service provider to enable consumers and
14 others to manage their purchase, sale, and use of
15 electricity or natural gas in response to energy price
16 and usage signals that are readable on at least a
17 daily basis. For purposes of the preceding sentence,
18 the cost of any qualified energy management device
19 shall (at the election of the taxpayer) include the
20 cost of the original installation of such property.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to property placed in service after
23 December 31, 2000.

○