

117TH CONGRESS  
1ST SESSION

# H. R. 3395

To amend the Internal Revenue Code of 1986 to extend and update the credit for nonbusiness energy property.

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IN THE HOUSE OF REPRESENTATIVES

MAY 20, 2021

Mr. GOMEZ 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 extend and update the credit for nonbusiness energy 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 “Home Energy Savings  
5 Act”.

6 **SEC. 2. UPDATING CREDIT FOR NONBUSINESS ENERGY**  
7 **PROPERTY.**

8 (a) IN GENERAL.—Section 25C of the Internal Rev-  
9 enue Code of 1986 is amended—

1 (1) in subsection (a)(1), by striking “10 per-  
2 cent” and inserting “15 percent”,

3 (2) in subsection (b)—

4 (A) in paragraph (1)—

5 (i) by striking “\$500” and inserting  
6 “\$1,200”, and

7 (ii) by striking “December 31, 2005”  
8 and inserting “December 31, 2021”, and

9 (B) by striking paragraphs (2) and (3) and  
10 inserting the following:

11 “(2) LIMITATION ON WINDOW ATTACHMENT  
12 PRODUCTS.—In the case of amounts paid or in-  
13 curred for products described in subsection (c)(2)(B)  
14 by any taxpayer for any taxable year, the credit al-  
15 lowed under this section with respect to such  
16 amounts for such year shall not exceed the excess (if  
17 any) of \$600 over the aggregate credits allowed  
18 under this section with respect to such amounts for  
19 all prior taxable years ending after December 31,  
20 2021.

21 “(3) LIMITATION ON INSULATION MATERIAL OR  
22 SYSTEM.—In the case of amounts paid or incurred  
23 for components described in subparagraph (A) or  
24 (D) of subsection (c)(3) by any taxpayer for any tax-  
25 able year, the credit allowed under this section with

1 respect to such amounts for such year shall not ex-  
2 ceed the excess (if any) of \$600 over the aggregate  
3 credits allowed under this section with respect to  
4 such amounts for all prior taxable years ending after  
5 December 31, 2021.

6 “(4) LIMITATION ON WINDOWS.—

7 “(A) IN GENERAL.—

8 “(i) ENERGY STAR MOST EFFI-  
9 CIENT.—In the case of amounts paid or in-  
10 curred by any taxpayer for any taxable  
11 year for components described in sub-  
12 section (c)(3)(B) which meet the most effi-  
13 cient certification under applicable Energy  
14 Star program requirements, the credit al-  
15 lowed under this section with respect to  
16 such amounts for such year shall not ex-  
17 ceed the excess (if any) of \$600 over the  
18 aggregate credits allowed under this sec-  
19 tion with respect to such amounts for all  
20 prior taxable years ending after December  
21 31, 2021.

22 “(ii) ENERGY STAR.—In the case of  
23 amounts paid or incurred by any taxpayer  
24 for any taxable year for components de-  
25 scribed in subsection (c)(3)(B) which do

1 not meet the most efficient certification  
2 under applicable Energy Star program re-  
3 quirements, the credit allowed under this  
4 section with respect to such amounts for  
5 such year shall not exceed the excess (if  
6 any) of \$200 over the aggregate credits al-  
7 lowed under this section with respect to  
8 such amounts for all prior taxable years  
9 ending after December 31, 2021.

10 “(B) ELECTION.—

11 “(i) IN GENERAL.—For purposes of  
12 any amounts paid or incurred by any tax-  
13 payer for components described in sub-  
14 section (c)(3)(B), the credit allowed under  
15 this section shall only be allowed for com-  
16 ponents described in clause (i) of subpara-  
17 graph (A) or clause (ii) of such subpara-  
18 graph, but not both, as elected by the tax-  
19 payer during the first taxable year in  
20 which such credit is being claimed by the  
21 taxpayer.

22 “(ii) IRREVOCABILITY.—The Sec-  
23 retary shall, through such rules, regula-  
24 tions, and procedures as are determined  
25 appropriate, establish procedures for mak-

1           ing an election under this subparagraph,  
2           which shall require that—

3                   “(I) any election made by the  
4                   taxpayer shall be irrevocable, and

5                   “(II) such election shall remain  
6                   in effect for all subsequent taxable  
7                   years.

8           “(5) LIMITATION ON DOORS.—In the case of  
9           amounts paid or incurred for components described  
10          in subsection (c)(3)(C) by any taxpayer for any tax-  
11          able year, the credit allowed under this section with  
12          respect to such amounts for such year shall not ex-  
13          ceed—

14                   “(A) the excess (if any) of \$500 over the  
15                   aggregate credits allowed under this section  
16                   with respect to such amounts for all prior tax-  
17                   able years ending after December 31, 2021, or

18                   “(B) \$250 for each exterior door.

19          “(6) LIMITATION ON RESIDENTIAL ENERGY  
20          PROPERTY EXPENDITURES.—The amount of the  
21          credit allowed under this section by reason of sub-  
22          section (a)(2) shall not exceed—

23                   “(A) in the case of any energy-efficient  
24                   building property—

1 “(i) for any item of property described  
2 in clause (ii) of subparagraph (A) of sub-  
3 section (d)(3), \$800,

4 “(ii) for any item of property de-  
5 scribed in clause (i) or (iii) of such sub-  
6 paragraph, \$600

7 “(iii) for any item of property de-  
8 scribed in clause (iv) of such subpara-  
9 graph, \$400, and

10 “(B) in the case of any qualified natural  
11 gas, propane, or oil furnace or hot water boiler  
12 (as defined in subsection (d)(4)), an amount  
13 equal to—

14 “(i) \$600 for a hot water boiler, and

15 “(ii) in the case of a furnace, an  
16 amount equal to the sum of—

17 “(I) \$300, plus

18 “(II) if the taxpayer is converting  
19 from a non-condensing furnace to a  
20 condensing furnace, \$300.”,

21 (3) in subsection (c)—

22 (A) in paragraph (2), by striking subpara-  
23 graphs (A) through (C) and inserting the fol-  
24 lowing:

1           “(A) in the case of an exterior window, a  
2 skylight, or an exterior door, applicable Energy  
3 Star program requirements,

4           “(B) in the case of any window attachment  
5 product, the applicable certification require-  
6 ments for such product under the Attachments  
7 Energy Rating Council Certification Program,  
8 and

9           “(C) in the case of any other component,  
10 the prescriptive criteria for such component es-  
11 tablished by the International Energy Conserva-  
12 tion Code, as such Code (including supple-  
13 ments) is in effect on January 1 of the calendar  
14 year in which such component is installed.”,

15           (B) in paragraph (3), by striking subpara-  
16 graph (D) and inserting the following:

17           “(D) any air barrier material, system, or  
18 assembly which is specifically and primarily de-  
19 signed to minimize the passage of air through  
20 the building thermal envelope and its assemblies  
21 when installed in or on a dwelling unit.”, and

22           (C) by adding at the end the following new  
23 paragraph:

24           “(5) LABOR COSTS.—The term ‘qualified en-  
25 ergy efficiency improvements’ includes expenditures

1 for labor costs properly allocable to the onsite prepa-  
2 ration, assembly, or original installation of any en-  
3 ergy efficient building envelope component.”,

4 (4) in subsection (d)—

5 (A) in paragraph (2)—

6 (i) in subparagraph (A)—

7 (I) in clause (i), by adding “or”

8 at the end,

9 (II) in clause (ii), by striking “,

10 or” and inserting a period, and

11 (III) by striking clause (iii), and

12 (ii) by striking subparagraphs (B) and

13 (C) and inserting the following:

14 “(B) EFFICIENCY STANDARDS.—Property  
15 described in subparagraph (A) shall meet or ex-  
16 ceed the requirements of the highest efficiency  
17 tier (not including any advanced tier) estab-  
18 lished by the Consortium for Energy Efficiency  
19 which are in effect on January 1 of the cal-  
20 endar year in which the property was ac-  
21 quired.”,

22 (B) by striking paragraph (3) and insert-  
23 ing the following:

1           “(3) ENERGY-EFFICIENT BUILDING PROP-  
2           ERTY.—The term ‘energy-efficient building property’  
3           means property which—

4                   “(A) is—

5                           “(i) an electric heat pump water heat-  
6                           er,

7                           “(ii) an electric heat pump,

8                           “(iii) a central air conditioner, or

9                           “(iv) a natural gas, propane, or oil  
10                          water heater, and

11                       “(B) meets or exceeds the requirements of  
12                       the highest efficiency tier (not including any ad-  
13                       vanced tier) established by the Consortium for  
14                       Energy Efficiency which are in effect on Janu-  
15                       ary 1 of the calendar year in which the property  
16                       was acquired.”,

17                       (C) in paragraph (4), by striking “achieves  
18                       an annual fuel utilization efficiency rate of not  
19                       less than 95” and inserting “meets or exceeds  
20                       the requirements of the highest efficiency tier  
21                       (not including any advanced tier) established by  
22                       the Consortium for Energy Efficiency which are  
23                       in effect on January 1 of the calendar year in  
24                       which the property was acquired”, and

25                       (D) by striking paragraph (5),

1           (5) in subsection (e), by adding the following  
2 new paragraphs at the end:

3           “(4) INSTALLATION STANDARDS.—The terms  
4 ‘energy efficient building envelope component’ and  
5 ‘qualified energy property’ shall not include any  
6 components or property which are not installed ac-  
7 cording to any applicable Air Conditioning Contrac-  
8 tors of America Quality Installation standards which  
9 are in effect at the time that such components or  
10 property are placed in service.

11           “(5) REPLACEMENT OF TERMINATED STAND-  
12 ARDS.—In the case of any standard, requirement, or  
13 criteria applicable to any energy efficient building  
14 envelope component or qualified energy property  
15 which is terminated after the date of enactment of  
16 the Home Energy Savings Act, the Secretary, in  
17 consultation with the Secretary of Energy, shall  
18 identify a similar standard, requirement, or criteria  
19 for purposes of determining the eligibility of any  
20 such component or property for purposes of credit  
21 allowed under this section.”, and

22           (6) in subsection (g)(2), by striking “December  
23 31, 2021” and inserting “December 31, 2028”.

1       (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to property placed in service after  
3 December 31, 2021.

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