

118TH CONGRESS
2^D SESSION

H. R. 8682

To amend the Internal Revenue Code of 1986 to expand the exclusion for certain conservation subsidies to include subsidies for water conservation or efficiency measures, storm water management measures, and wastewater management measures.

IN THE HOUSE OF REPRESENTATIVES

JUNE 11, 2024

Mr. HUFFMAN (for himself, Mr. CURTIS, Ms. CHU, and Mr. LAMALFA) 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 expand the exclusion for certain conservation subsidies to include subsidies for water conservation or efficiency measures, storm water management measures, and wastewater management measures.

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 Rebate 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 or
16 efficiency measure,

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, or

22 “(4) provided (directly or indirectly) by a State
23 or local government to a resident of such State or
24 locality for the purchase or installation of any waste-
25 water management measure, but only if such meas-

1 ure is with respect to the taxpayer’s principal resi-
2 dence.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) DEFINITION OF WATER CONSERVATION OR
5 EFFICIENCY MEASURE AND STORM WATER MANAGE-
6 MENT MEASURE.—Section 136(c) of the Internal
7 Revenue Code of 1986 is amended—

8 (A) by striking “ENERGY CONSERVATION
9 MEASURE” in the heading thereof and inserting
10 “DEFINITIONS”,

11 (B) by striking “IN GENERAL” in the
12 heading of paragraph (1) and inserting “EN-
13 ERGY CONSERVATION MEASURE”, and

14 (C) by redesignating paragraph (2) as
15 paragraph (5) and by inserting after paragraph
16 (1) the following:

17 “(2) WATER CONSERVATION OR EFFICIENCY
18 MEASURE.—For purposes of this section, the term
19 ‘water conservation or efficiency measure’ means any
20 evaluation of water use, or any installation or modi-
21 fication of property, the primary purpose of which is
22 to reduce consumption of water or to improve the
23 management of water demand with respect to one or
24 more dwelling units.

1 “(3) STORM WATER MANAGEMENT MEASURE.—
2 For purposes of this section, the term ‘storm water
3 management measure’ means any installation or
4 modification of property primarily designed to re-
5 duce or manage amounts of storm water with re-
6 spect to one or more dwelling units, including an in-
7 stallation or modification to prevent or reduce the
8 impacts of storm water-caused flooding to such
9 property.

10 “(4) WASTEWATER MANAGEMENT MEASURE.—
11 For purposes of this section, the term ‘wastewater
12 management measure’ means any installation or
13 modification of property primarily designed to man-
14 age wastewater (including septic tanks and cess-
15 pools) with respect to one or more dwelling units.”.

16 (2) DEFINITION OF PUBLIC UTILITY.—Section
17 136(c)(5) of such Code (as redesignated by para-
18 graph (1)(C)) is amended by striking subparagraph
19 (B) and inserting the following:

20 “(B) PUBLIC UTILITY.—The term ‘public
21 utility’ means a person engaged in the sale of
22 electricity, natural gas, or water to residential,
23 commercial, or industrial customers for use by
24 such customers.

1 “(C) STORM WATER MANAGEMENT PRO-
2 VIDER.—The term ‘storm water management
3 provider’ means a person engaged in the provi-
4 sion of storm water management measures to
5 the public.

6 “(D) PERSON.—For purposes of subpara-
7 graphs (B) and (C), the term ‘person’ includes
8 the Federal Government, a State or local gov-
9 ernment or any political subdivision thereof, or
10 any instrumentality of any of the foregoing.”.

11 (3) CLERICAL AMENDMENTS.—

12 (A) The heading of section 136 of such
13 Code is amended—

14 (i) by inserting “**AND WATER**” after
15 “**ENERGY**”, and

16 (ii) by striking “**PROVIDED BY PUB-
17 LIC UTILITIES**”.

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

21 (i) by inserting “and water” after
22 “energy”, and

23 (ii) by striking “provided by public
24 utilities”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to amounts received after Decem-
3 ber 31, 2021.

4 (d) NO INFERENCE.—Nothing in this Act or the
5 amendments made by this Act shall be construed to create
6 any inference with respect to the proper tax treatment of
7 any subsidy received directly or indirectly from a public
8 utility, a storm water management provider, or a State
9 or local government for any water conservation or effi-
10 ciency measure, storm water management measure, or
11 wastewater management measure before January 1,
12 2022.

○