

108TH CONGRESS  
1ST SESSION

# S. 361

To amend the Internal Revenue Code of 1986 to allow for an energy efficient appliance credit.

---

IN THE SENATE OF THE UNITED STATES

FEBRUARY 11, 2003

Mrs. LINCOLN (for herself, Mr. ALLARD, Mr. GRASSLEY, Mr. HARKIN, Ms. STABENOW, Mr. HAGEL, Mr. LEVIN, and Mr. DEWINE) 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 allow for an energy efficient appliance credit.

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 “Resource Efficient Ap-  
5 pliance Incentives Act of 2003”.

6 **SEC. 2. CREDIT FOR ENERGY EFFICIENT APPLIANCES.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-  
8 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to business-related credits) is amended by  
2 adding at the end the following new section:

3 **“SEC. 45G. ENERGY EFFICIENT APPLIANCE CREDIT.**

4 “(a) GENERAL RULE.—For purposes of section 38,  
5 the energy efficient appliance credit determined under this  
6 section for the taxable year is an amount equal to the ap-  
7 plicable amount determined under subsection (b) with re-  
8 spect to the eligible production of qualified energy efficient  
9 appliances produced by the taxpayer during the calendar  
10 year ending with or within the taxable year.

11 “(b) APPLICABLE AMOUNT; ELIGIBLE PRODUC-  
12 TION.—For purposes of subsection (a)—

13 “(1) APPLICABLE AMOUNT.—The applicable  
14 amount is—

15 “(A) \$50, in the case of—

16 “(i) a clothes washer which is pro-  
17 duced in 2003 with at least a 1.26 MEF  
18 (at least 1.42 MEF for washers produced  
19 after 2003 but not after 2006), or

20 “(ii) a refrigerator produced in 2003  
21 which consumes at least 10 percent less  
22 kWh per year than the energy conservation  
23 standards for refrigerators promulgated by  
24 the Department of Energy effective July 1,  
25 2001,

1 “(B) \$100, in the case of—

2 “(i) a clothes washer which is pro-  
3 duced in 2003 with at least a 1.42 MEF  
4 (at least 1.5 MEF for washers produced  
5 after 2003 and before 2008), or

6 “(ii) a refrigerator produced after  
7 2002 and before 2007 which consumes at  
8 least 15 percent less kWh per year (at  
9 least 20 percent less kWh per year for re-  
10 frigerators produced in 2007) than such  
11 energy conservation standards, and

12 “(C) \$150, in the case of a refrigerator  
13 which consumes at least 20 percent less kWh  
14 per year than such energy conservation stand-  
15 ards and is produced after 2002 and before  
16 2007.

17 “(2) ELIGIBLE PRODUCTION.—

18 “(A) IN GENERAL.—The eligible produc-  
19 tion of each category of qualified energy effi-  
20 cient appliances is the excess of—

21 “(i) the number of appliances in such  
22 category which are produced by the tax-  
23 payer during such calendar year, over

24 “(ii) the average number of appliances  
25 in such category which were produced by

1 the taxpayer during calendar years 2000,  
2 2001, and 2002.

3 “(B) CATEGORIES.—For purposes of sub-  
4 paragraph (A), the categories are—

5 “(i) clothes washers described in para-  
6 graph (1)(A)(i),

7 “(ii) clothes washers described in  
8 paragraph (1)(B)(i),

9 “(iii) refrigerators described in para-  
10 graph (1)(A)(ii),

11 “(iv) refrigerators described in para-  
12 graph (1)(B)(ii), and

13 “(v) refrigerators described in para-  
14 graph (1)(C).

15 “(C) SPECIAL RULE FOR 2003 PRODUC-  
16 TION.—For purposes of determining eligible  
17 production for calendar year 2003—

18 “(i) only production after the date of  
19 enactment of this section shall be taken  
20 into account under subparagraph (A)(i),  
21 and

22 “(ii) the amount taken into account  
23 under subparagraph (A)(ii) shall be an  
24 amount which bears the same ratio to the  
25 amount which would (but for this subpara-

1 graph) be taken into account under sub-  
2 paragraph (A)(ii) as—

3 “(I) the number of days in cal-  
4 endar year 2003 after the date of en-  
5 actment of this section, bears to

6 “(II) 365.

7 “(c) LIMITATION ON MAXIMUM CREDIT.—

8 “(1) IN GENERAL.—The maximum amount of  
9 credit allowed under subsection (a) with respect to  
10 a taxpayer for all taxable years shall be \$60,000,000  
11 except that not more than \$30,000,000 shall be al-  
12 lowed for production of any combination of clothes  
13 washers produced with a 1.26 MEF (described in  
14 subsection (b)(1)(A)(i)) and refrigerators described  
15 in subsection (b)(1)(A)(ii).

16 “(2) LIMITATION BASED ON GROSS RE-  
17 CEIPTS.—The credit allowed under subsection (a)  
18 with respect to a taxpayer for the taxable year shall  
19 not exceed an amount equal to 2 percent of the aver-  
20 age annual gross receipts of the taxpayer for the 3  
21 taxable years preceding the taxable year in which  
22 the credit is determined.

23 “(3) GROSS RECEIPTS.—For purposes of this  
24 subsection, the rules of paragraphs (2) and (3) of  
25 section 448(c) shall apply.

1 “(d) DEFINITIONS.—For purposes of this section—

2 “(1) QUALIFIED ENERGY EFFICIENT APPLI-  
3 ANCE.—The term ‘qualified energy efficient appli-  
4 ance’ means—

5 “(A) a clothes washer described in sub-  
6 paragraph (A)(i) or (B)(i) of subsection (b)(1),  
7 or

8 “(B) a refrigerator described in subpara-  
9 graph (A)(ii), (B)(ii) or (C) of subsection  
10 (b)(1).

11 “(2) CLOTHES WASHER.—The term ‘clothes  
12 washer’ means a residential clothes washer, includ-  
13 ing a residential style coin operated washer.

14 “(3) REFRIGERATOR.—The term ‘refrigerator’  
15 means an automatic defrost refrigerator-freezer  
16 which has an internal volume of at least 16.5 cubic  
17 feet.

18 “(4) MEF.—The term ‘MEF’ means Modified  
19 Energy Factor (as determined by the Secretary of  
20 Energy).

21 “(e) SPECIAL RULES.—

22 “(1) IN GENERAL.—Rules similar to the rules  
23 of subsections (c), (d), and (e) of section 52 shall  
24 apply for purposes of this section.

1           “(2) AGGREGATION RULES.—All persons treat-  
2           ed as a single employer under subsection (a) or (b)  
3           of section 52 or subsection (m) or (o) of section 414  
4           shall be treated as 1 person for purposes of sub-  
5           section (a).

6           “(f) VERIFICATION.—The taxpayer shall submit such  
7           information or certification as the Secretary, in consulta-  
8           tion with the Secretary of Energy, determines necessary  
9           to claim the credit amount under subsection (a).”.

10          (b) LIMITATION ON CARRYBACK.—Section 39(d) of  
11          the Internal Revenue Code of 1986 (relating to transition  
12          rules) is amended by adding at the end the following new  
13          paragraph:

14                 “(11) NO CARRYBACK OF ENERGY EFFICIENT  
15                 APPLIANCE CREDIT BEFORE EFFECTIVE DATE.—No  
16                 portion of the unused business credit for any taxable  
17                 year which is attributable to the energy efficient ap-  
18                 pliance credit determined under section 45G may be  
19                 carried to a taxable year ending before January 1,  
20                 2003.”.

21          (c) CONFORMING AMENDMENT.—Section 38(b) of  
22          the Internal Revenue Code of 1986 (relating to general  
23          business credit) is amended by striking “plus” at the end  
24          of paragraph (14), by striking the period at the end of

1 paragraph (15) and inserting “, plus”, and by adding at  
2 the end the following new paragraph:

3 “(16) the energy efficient appliance credit de-  
4 termined under section 45G(a).”.

5 (d) CLERICAL AMENDMENT.—The table of sections  
6 for subpart D of part IV of subchapter A of chapter 1  
7 of the Internal Revenue Code of 1986 is amended by add-  
8 ing at the end the following new item:

“Sec. 45G. Energy efficient appliance credit.”.

9 (e) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to appliances produced after De-  
11 cember 31, 2002, in taxable years ending after such date.

○