

110TH CONGRESS
1ST SESSION

S. 2314

To amend the Internal Revenue Code of 1986 to make geothermal heat pump systems eligible for the energy credit and the residential energy efficient property credit, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 6, 2007

Mr. SALAZAR (for himself, Mr. INHOFE, and Mr. TESTER) 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 make geothermal heat pump systems eligible for the energy credit and the residential energy efficient property credit, 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 “Geothermal Heat
5 Pump Development Act of 2007”.

1 **SEC. 2. ENERGY CREDIT FOR GEOTHERMAL HEAT PUMP**
 2 **SYSTEMS.**

3 (a) IN GENERAL.—Subparagraph (A) of section
 4 48(a)(3) of the Internal Revenue Code of 1986 is amended
 5 by striking “or” at the end of clause (iii), by inserting
 6 “or” at the end of clause (iv), and by adding at the end
 7 the following new clause:

8 “(v) equipment which uses the ground
 9 or ground water as a thermal energy
 10 source to heat a structure or as a thermal
 11 energy sink to cool a structure.”.

12 (b) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to property placed in service after
 14 the date of the enactment of this Act.

15 **SEC. 3. RESIDENTIAL ENERGY EFFICIENT PROPERTY**
 16 **CREDIT FOR GEOTHERMAL HEAT PUMP SYS-**
 17 **TEMS.**

18 (a) IN GENERAL.—Subsection (a) of section 25D of
 19 the Internal Revenue Code of 1986 is amended by striking
 20 “and” at the end of paragraph (2), by striking the period
 21 at the end of paragraph (3) and inserting “, and”, and
 22 by adding at the end the following new paragraph:

23 “(4) 30 percent of the qualified geothermal
 24 heat pump property expenditures made by the tax-
 25 payer during the taxable year.”.

1 (b) QUALIFIED GEOTHERMAL HEAT PUMP PROP-
2 ERTY EXPENDITURES.—Subsection (d) of section 25D of
3 such Code is amended by adding at the end the following
4 new paragraph:

5 “(4) QUALIFIED GEOTHERMAL HEAT PUMP
6 PROPERTY EXPENDITURES.—

7 “(A) IN GENERAL.—The term ‘qualified
8 geothermal heat pump property expenditures’
9 means an expenditure for qualified geothermal
10 heat pump property installed on or in connec-
11 tion with a dwelling unit located in the United
12 States and used as a principal residence (within
13 the meaning of section 121) by the taxpayer.

14 “(B) QUALIFIED GEOTHERMAL HEAT
15 PUMP PROPERTY.—The term ‘qualified geo-
16 thermal heat pump property’ means any equip-
17 ment which—

18 “(i) uses the ground or ground water
19 as a thermal energy source to heat the
20 dwelling unit referred to in subparagraph
21 (A) or as a thermal energy sink to cool
22 such dwelling unit, and

23 “(ii) meets the requirements of the
24 Energy Star program which are in effect

1 at the time that the expenditure for such
2 equipment is made.”.

3 (c) MAXIMUM CREDIT LIMITATION.—Paragraph (1)
4 of section 25D(b) of such Code is amended by striking
5 “and” at the end of subparagraph (B), by striking the
6 period at the end of subparagraph (C) and inserting “,
7 and”, and by adding at the end the following new subpara-
8 graph:

9 “(D) \$2,000 with respect to any qualified
10 geothermal heat pump property expenditures.”.

11 (d) COORDINATION WITH CREDIT FOR NONBUSI-
12 NESS ENERGY PROPERTY.—Subsection (b) of section 25D
13 of such Code is amended by adding at the end the fol-
14 lowing new paragraph:

15 “(3) DENIAL OF DOUBLE BENEFIT FOR GEO-
16 THERMAL HEAT PUMPS.—The credit allowed under
17 subsection (a) (determined without regard to this
18 paragraph and subsection (c)) with respect to any
19 qualified geothermal heat pump property expendi-
20 tures shall be reduced by the amount of any credit
21 allowed under section 25C with respect to such ex-
22 penditures.”.

23 (e) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
24 IMUM TAX.—

1 (1) IN GENERAL.—Section 25D(b) of such
 2 Code, as amended by subsection (c), is amended by
 3 adding at the end the following new paragraph:

4 “(3) QUALIFIED GEOTHERMAL HEAT PUMP
 5 PROPERTY EXPENDITURE CREDIT ALLOWED
 6 AGAINST ALTERNATIVE MINIMUM TAX.—In the case
 7 of a taxable year to which section 26(b)(2) does not
 8 apply, the credit allowed under subsection (a)(4) for
 9 the taxable year shall not exceed the excess of—

10 “(A) the sum of the regular tax liability
 11 (as defined in section 26(b)) plus the tax im-
 12 posed by section 55, over

13 “(B) the sum of the credits allowable
 14 under this subpart (other than subsection
 15 (a)(4)) and section 27 for the taxable year.”.

16 (2) CONFORMING AMENDMENTS.—

17 (A) Subsection (c) of section 25D of such
 18 Code is amended—

19 (i) by inserting “paragraphs (1), (2),
 20 and (3) of” before “subsection (a)” both
 21 places it appears in paragraph (2), and

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

24 “(3) CARRYFORWARD OF UNUSED QUALIFIED
 25 GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURE

1 CREDIT.—In the case of a taxable year to which sec-
2 tion 26(b)(2) does not apply, if the credit allowable
3 under subsection (a)(4) for any taxable year exceeds
4 the limitation imposed by subsection (b)(3) for such
5 taxable year, such excess shall be carried to the suc-
6 ceeding taxable year and added to the credit allow-
7 able under subsection (a)(4) for such succeeding tax-
8 able year.”.

9 (B) Section 23(b)(4)(B) of such Code is
10 amended by inserting “and section 25D(a)(4)”
11 after “this section”.

12 (C) Section 24(b)(3)(B) of such Code is
13 amended by striking “sections 23 and 25B”
14 and inserting “sections 23, 25B, and
15 25D(a)(4)”.

16 (D) Section 26(a)(1) of such Code is
17 amended by striking “and 25B” and inserting
18 “25B, and 25D(a)(4)”.

19 (f) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to expenditures made after the
21 date of the enactment of this Act.

22 **SEC. 4. 3-YEAR ACCELERATED DEPRECIATION PERIOD FOR**
23 **GEOHERMAL HEAT PUMP SYSTEMS.**

24 (a) IN GENERAL.—Subparagraph (A) of section
25 168(e)(3) of the Internal Revenue Code of 1986 is amend-

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

4 “(iv) any property which is described
5 in clause (v) of section 48(a)(3)(A).”.

6 (b) CONFORMING AMENDMENT.—Subclause (I) of
7 section 168(e)(3)(B)(vi) of such Code is amended by in-
8 serting “clause (i), (ii), (iii), or (iv) of” before “subpara-
9 graph (A)”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to property placed in service after
12 the date of the enactment of this Act.

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