

110TH CONGRESS  
2D SESSION

# H. R. 6321

To amend the Internal Revenue Code of 1986 to provide a refundable credit against income tax to assist individuals with high residential energy costs.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 19, 2008

Mr. MCHUGH 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 provide a refundable credit against income tax to assist individuals with high residential energy costs.

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 Afford-  
5 ability Tax Relief Act of 2008” or the “HEATR Act of  
6 2008”.

7 **SEC. 2. REFUNDABLE CREDIT FOR RESIDENTIAL ENERGY**  
8 **COSTS.**

9 (a) IN GENERAL.—Subchapter B of chapter 65 of the  
10 Internal Revenue Code of 1986 (relating to rules of special

1 application) is amended by adding at the end the following  
2 new section:

3 **“SEC. 6431. REFUNDABLE CREDIT FOR RESIDENTIAL EN-**  
4 **ERGY COSTS.**

5 “(a) GENERAL RULE.—In the case of an individual,  
6 there shall be allowed as a credit against the tax imposed  
7 by this subtitle for the taxable year an amount equal to  
8 the lesser of—

9 “(1) 33 percent of the amount of the taxpayer’s  
10 residential energy costs for such taxable year, or

11 “(2) \$500.

12 “(b) INCOME LIMITATION.—

13 “(1) IN GENERAL.—The amount allowable as a  
14 credit under subsection (a) for any taxable year shall  
15 be reduced (but not below zero) by an amount which  
16 bears the same ratio to the amount so allowable (de-  
17 termined without regard to this paragraph) as—

18 “(A) the amount (if any) by which the tax-  
19 payer’s adjusted gross income exceeds \$50,000  
20 (twice such amount in the case of a joint re-  
21 turn), bears to

22 “(B) \$10,000.

23 “(2) DETERMINATION OF ADJUSTED GROSS IN-  
24 COME.—For purposes of paragraph (1), adjusted

1 gross income shall be determined without regard to  
2 sections 911, 931, and 933.

3 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-  
4 poses of this section—

5 “(1) RESIDENTIAL ENERGY COSTS.—The term  
6 ‘residential energy costs’ means the amount paid or  
7 incurred by the taxpayer during the taxable year—

8 “(A) to any utility for electricity or natural  
9 gas used in the principal residence of the tax-  
10 payer during the heating season, and

11 “(B) for any qualified fuel for use in the  
12 principal residence of the taxpayer but only if  
13 such fuel is the primary fuel for heating such  
14 residence.

15 “(2) PRINCIPAL RESIDENCE.—

16 “(A) IN GENERAL.—The term ‘principal  
17 residence’ has the meaning given to such term  
18 by section 121; except that no ownership re-  
19 quirement shall be imposed.

20 “(B) SPECIAL RULES.—Such term shall  
21 not include—

22 “(i) any residence located outside the  
23 United States, and

1                   “(ii) any residence not used as the  
2                   taxpayer’s principal place of abode  
3                   throughout the heating season.

4                   “(3) HEATING SEASON.—The term ‘heating  
5                   season’ means October, November, December, Janu-  
6                   ary, February, and March.

7                   “(4) QUALIFIED FUEL.—The term ‘qualified  
8                   fuel’ includes propane, heating oil, kerosene, wood,  
9                   and wood pellets.

10                  “(d) OTHER SPECIAL RULES.—

11                   “(1) INDIVIDUALS PAYING ON LEVEL PAYMENT  
12                   BASIS.—Amounts paid for natural gas under a level  
13                   payment plan for any period shall be treated as paid  
14                   for natural gas used during the portion (if any) of  
15                   the heating season during such period to the extent  
16                   of the amount charged for natural gas used during  
17                   such portion of the heating season. A similar rule  
18                   shall apply to electricity and any qualified fuel.

19                   “(2) HOMEOWNERS ASSOCIATIONS, ETC.—The  
20                   application of this section to homeowners associa-  
21                   tions (as defined in section 528(c)(1)) or members  
22                   of such associations, and tenant-stockholders in co-  
23                   operative housing corporations (as defined in section  
24                   216), shall be allowed by allocation, apportionment,

1 or otherwise, to the individuals paying, directly or  
2 indirectly, for the residential energy cost so incurred.

3 “(3) DOLLAR AMOUNT IN CASE OF JOINT OCCU-  
4 PANCY.—In the case of a dwelling unit which is the  
5 principal residence by 2 or more individuals, the dol-  
6 lar limitation under subsection (a)(2) shall be allo-  
7 cated among such individuals under regulations pre-  
8 scribed by the Secretary.

9 “(4) TREATMENT AS REFUNDABLE CREDIT.—  
10 For purposes of this title, the credit allowed by this  
11 section shall be treated as a credit allowed under  
12 subpart C of part IV of subchapter A of chapter 1  
13 (relating to refundable credits).

14 “(e) INFLATION ADJUSTMENT.—

15 “(1) IN GENERAL.—In the case of any taxable  
16 year beginning in 2009, each of the dollar amounts  
17 contained in subsections (a)(2) and (b)(1)(A) shall  
18 be increased by an amount equal to—

19 “(A) such dollar amount, multiplied by

20 “(B) in the case of—

21 “(i) the dollar amount contained in  
22 subsection (a)(2), the fuel price inflation  
23 adjustment for 2009, and

24 “(ii) the dollar amount contained in  
25 subsection (b)(1)(A), the cost-of-living ad-

1           justment determined under section 1(f)(3)  
2           for 2009 by substituting ‘calendar year  
3           2007’ for ‘calendar year 1992’ in subpara-  
4           graph (B) thereof.

5           “(2) FUEL PRICE INFLATION ADJUSTMENT.—  
6           For purposes of paragraph (1)(B)(i)—

7           “(A) IN GENERAL.—The fuel price infla-  
8           tion adjustment for 2009 is the percentage (if  
9           any) by which—

10           “(i) the CPI fuel component for Octo-  
11           ber of 2008, exceeds

12           “(ii) the CPI fuel component for Oc-  
13           tober of 2007.

14           “(B) CPI FUEL COMPONENT.—The term  
15           ‘CPI fuel component’ means the fuel component  
16           of the Consumer Price Index for All Urban  
17           Consumers published by the Department of  
18           Labor.

19           “(3) ROUNDING.—

20           “(A) CREDIT AMOUNT.—

21           “(i) CREDIT AMOUNT.—If the dollar  
22           amount in subsection (a)(2) (after being  
23           increased under paragraph (1)), is not a  
24           multiple of \$10, such dollar amount shall  
25           be rounded to the nearest multiple of \$10.

1                   “(ii) INCOME THRESHOLD.—If the  
2                   dollar amount in subsection (b)(1)(A)  
3                   (after being increased under paragraph  
4                   (1)), is not a multiple of \$50, such dollar  
5                   amount shall be rounded to the next lowest  
6                   multiple of \$50.

7                   “(f) APPLICATION OF SECTION.—This section shall  
8                   apply to residential energy costs paid or incurred after the  
9                   date of the enactment of this section, in taxable years end-  
10                  ing after such date, and before January 1, 2010.”.

11                  (b) CONFORMING AMENDMENTS.—

12                   (1) Paragraph (2) of section 1324(b) of title  
13                   31, United States Code, is amended by striking “or  
14                   6428 or” and inserting “, 6428, 6431, or”.

15                   (2) The table of sections for subchapter B of  
16                   chapter 65 of such Code is amended by adding at  
17                   the end the following new item:

“Sec. 6431. Refundable credit for residential energy costs.”.

18                  (c) EFFECTIVE DATE.—The amendments made by  
19                  this section shall apply to taxable years ending after the  
20                  date of the enactment of this Act.

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