To amend the Internal Revenue Code of 1986 to include biomass heating appliances for tax credits available for energy-efficient building property and energy property.

IN THE HOUSE OF REPRESENTATIVES

Mr. WELCH introduced the following bill; which was referred to the Committee  
on ____________________________

A BILL

To amend the Internal Revenue Code of 1986 to include biomass heating appliances for tax credits available for energy-efficient building property and 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 “Biomass Thermal Util-
5 ization Act of 2019” or the “BTU Act of 2019”.
SEC. 2. RESIDENTIAL ENERGY-EFFICIENT PROPERTY CREDIT FOR BIOMASS FUEL PROPERTY EXPENDITURES.

(a) ALLOWANCE OF CREDIT.—Section 25D(a) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (4), by striking “and” at the end,

(2) in paragraph (5), by adding “and” at the end, and

(3) by inserting after paragraph (5) the following:

“(6) the qualified biomass fuel property expenditures,”.

(b) QUALIFIED BIOMASS FUEL PROPERTY EXPENDITURES.—Section 25D(d) of such Code is amended by adding at the end the following new paragraph:

“(6) QUALIFIED BIOMASS FUEL PROPERTY EXPENDITURE.—

“(A) IN GENERAL.—The term ‘qualified biomass fuel property expenditure’ means an expenditure for property—

“(i) which uses the burning of biomass fuel to heat a dwelling unit located in the United States and used as a residence by the taxpayer, or to heat water for use in such a dwelling unit, and
“(ii) which has a thermal efficiency rating of at least 75 percent (measured by the higher heating value of the fuel).

“(B) Biomass fuel.—For purposes of this section, the term ‘biomass fuel’ means any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues, plants (including aquatic plants), grasses, residues, and fibers. Such term includes densified biomass fuels such as wood pellets.”.

(c) Applicable Percentage.—Subsection (g) of section 25D of such Code is amended—

(1) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively, and by moving such subparagraphs (as so redesignated) 2 ems to the right,

(2) by striking “For purposes of” and inserting the following:

“(1) In general.—Except as provided under paragraph (2), for purposes of”, and

(3) by adding at the end the following:

“(2) Applicable percentage for qualified biomass fuel property expenditures.—In the case of any qualified biomass fuel property expendi-
tures made by the taxpayer during the taxable year, the applicable percentage shall be 30 percent.”.

(d) TERMINATION.—Subsection (h) of section 25D of such Code is amended to read as follows:

“(h) TERMINATION.—

“(1) IN GENERAL.—Except as provided under paragraph (2), the credit allowed under this section shall not apply to property placed in service after December 31, 2021.

“(2) APPLICATION TO QUALIFIED BIOMASS FUEL PROPERTY.—In the case of property described in subsection (d)(6), the credit allowed under this section shall not apply to property placed in service after December 31, 2023.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures paid or incurred in taxable years beginning after December 31, 2018.

SEC. 3. INVESTMENT TAX CREDIT FOR BIOMASS HEATING PROPERTY.

(a) IN GENERAL.—Section 48(a)(3)(A) of the Internal Revenue Code of 1986 is amended—

(1) by striking “or” at the end of clause (vi),

(2) by adding “or” at the end of clause (vii),

and
(3) and by inserting after clause (vii) the following new clause:

“(viii) open-loop biomass (within the meaning of section 45(e)(3)) heating property, including boilers or furnaces that operate at thermal output efficiencies of not less than 65 percent (measured by the higher heating value of the fuel) and that provide thermal energy in the form of heat, hot water, or steam for space heating, air conditioning, domestic hot water, or industrial process heat,”.

(b) 30 PERCENT AND 15 PERCENT CREDITS.—

(1) Energy percentage.—

(A) In general.—Section 48(a)(2)(A) of such Code is amended—

(i) by striking “and” at the end of clause (i)(IV),

(ii) by redesignating clause (ii) as clause (iii), and

(iii) by inserting after clause (i) the following new clause:

“(ii) in the case of energy property described in paragraph (3)(A)(viii) the construction of which begins before Janu-
ary 1, 2024, 15 percent (30 percent in the

case of any such property which operates

at a thermal output efficiency of not less

than 80 percent (measured by the higher

heating value of the fuel)), and”.

(B) CONFORMING AMENDMENT.—Section

48(a)(2)(A)(iii) of such Code, as so redesig-
nated, is amended by inserting “or (ii)” after

“clause (i)”.

(c) EFFECTIVE DATE.—The amendments made by

this section shall apply to periods after December 31,

2018, in taxable years ending after such date, under rules

similar to the rules of section 48(m) of the Internal Rev-

enue Code of 1986 (as in effect on the day before the date

of the enactment of the Revenue Reconciliation Act of

1990).