

1 programs, such bond shall not be treated as a pri-
2 vate activity bond for purposes of paragraph (3).”.

3 **PART III—ENERGY CONSERVATION INCENTIVES**

4 **SEC. 1121. EXTENSION AND MODIFICATION OF CREDIT FOR**
5 **NONBUSINESS ENERGY PROPERTY.**

6 (a) IN GENERAL.—Section 25C is amended by strik-
7 ing subsections (a) and (b) and inserting the following new
8 subsections:

9 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
10 dividual, there shall be allowed as a credit against the tax
11 imposed by this chapter for the taxable year an amount
12 equal to 30 percent of the sum of—

13 “(1) the amount paid or incurred by the tax-
14 payer during such taxable year for qualified energy
15 efficiency improvements, and

16 “(2) the amount of the residential energy prop-
17 erty expenditures paid or incurred by the taxpayer
18 during such taxable year.

19 “(b) LIMITATION.—The aggregate amount of the
20 credits allowed under this section for taxable years begin-
21 ning in 2009 and 2010 with respect to any taxpayer shall
22 not exceed \$1,500.”.

23 (b) MODIFICATIONS OF STANDARDS FOR ENERGY-
24 EFFICIENT BUILDING PROPERTY.—

1 (1) ELECTRIC HEAT PUMPS.—Subparagraph
2 (B) of section 25C(d)(3) is amended to read as fol-
3 lows:

4 “(B) an electric heat pump which achieves
5 the highest efficiency tier established by the
6 Consortium for Energy Efficiency, as in effect
7 on January 1, 2009.”.

8 (2) CENTRAL AIR CONDITIONERS.—Subpara-
9 graph (C) of section 25C(d)(3) is amended by strik-
10 ing “2006” and inserting “2009”.

11 (3) WATER HEATERS.—Subparagraph (D) of
12 section 25C(d)(3) is amended to read as follows:

13 “(D) a natural gas, propane, or oil water
14 heater which has either an energy factor of at
15 least 0.82 or a thermal efficiency of at least 90
16 percent.”.

17 (4) WOOD STOVES.—Subparagraph (E) of sec-
18 tion 25C(d)(3) is amended by inserting “, as meas-
19 ured using a lower heating value” after “75 per-
20 cent”.

21 (c) MODIFICATIONS OF STANDARDS FOR OIL FUR-
22 NACES AND HOT WATER BOILERS.—

23 (1) IN GENERAL.—Paragraph (4) of section
24 25C(d) is amended to read as follows:

1 “(4) QUALIFIED NATURAL GAS, PROPANE, AND
2 OIL FURNACES AND HOT WATER BOILERS.—

3 “(A) QUALIFIED NATURAL GAS FUR-
4 NACE.—The term ‘qualified natural gas fur-
5 nace’ means any natural gas furnace which
6 achieves an annual fuel utilization efficiency
7 rate of not less than 95.

8 “(B) QUALIFIED NATURAL GAS HOT
9 WATER BOILER.—The term ‘qualified natural
10 gas hot water boiler’ means any natural gas hot
11 water boiler which achieves an annual fuel utili-
12 zation efficiency rate of not less than 90.

13 “(C) QUALIFIED PROPANE FURNACE.—
14 The term ‘qualified propane furnace’ means any
15 propane furnace which achieves an annual fuel
16 utilization efficiency rate of not less than 95.

17 “(D) QUALIFIED PROPANE HOT WATER
18 BOILER.—The term ‘qualified propane hot
19 water boiler’ means any propane hot water boil-
20 er which achieves an annual fuel utilization effi-
21 ciency rate of not less than 90.

22 “(E) QUALIFIED OIL FURNACES.—The
23 term ‘qualified oil furnace’ means any oil fur-
24 nace which achieves an annual fuel utilization
25 efficiency rate of not less than 90.

1 “(F) QUALIFIED OIL HOT WATER BOIL-
2 ER.—The term ‘qualified oil hot water boiler’
3 means any oil hot water boiler which achieves
4 an annual fuel utilization efficiency rate of not
5 less than 90.”.

6 (2) CONFORMING AMENDMENT.—Clause (ii) of
7 section 25C(d)(2)(A) is amended to read as follows:

8 “(ii) any qualified natural gas fur-
9 nace, qualified propane furnace, qualified
10 oil furnace, qualified natural gas hot water
11 boiler, qualified propane hot water boiler,
12 or qualified oil hot water boiler, or”.

13 (d) MODIFICATIONS OF STANDARDS FOR QUALIFIED
14 ENERGY EFFICIENCY IMPROVEMENTS.—

15 (1) QUALIFICATIONS FOR EXTERIOR WINDOWS,
16 DOORS, AND SKYLIGHTS.—Subsection (c) of section
17 25C is amended by adding at the end the following
18 new paragraph:

19 “(4) QUALIFICATIONS FOR EXTERIOR WIN-
20 DOWS, DOORS, AND SKYLIGHTS.—Such term shall
21 not include any component described in subpara-
22 graph (B) or (C) of paragraph (2) unless such com-
23 ponent is equal to or below a U factor of 0.30 and
24 SHGC of 0.30.”.

1 (2) ADDITIONAL QUALIFICATION FOR INSULA-
2 TION.—Subparagraph (A) of section 25C(c)(2) is
3 amended by inserting “and meets the prescriptive
4 criteria for such material or system established by
5 the 2009 International Energy Conservation Code,
6 as such Code (including supplements) is in effect on
7 the date of the enactment of the American Recovery
8 and Reinvestment Tax Act of 2009” after “such
9 dwelling unit”.

10 (e) EXTENSION.—Section 25C(g)(2) is amended by
11 striking “December 31, 2009” and inserting “December
12 31, 2010”.

13 (f) EFFECTIVE DATES.—

14 (1) IN GENERAL.—Except as provided in para-
15 graph (2), the amendments made by this section
16 shall apply to taxable years beginning after Decem-
17 ber 31, 2008.

18 (2) EFFICIENCY STANDARDS.—The amend-
19 ments made by paragraphs (1), (2), and (3) of sub-
20 section (b) and subsections (c) and (d) shall apply
21 to property placed in service after the date of the en-
22 actment of this Act.