To amend the Internal Revenue Code of 1986 to provide tax incentives for producing electricity from wasted heat.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 2013

Mr. Tonko introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide tax incentives for producing electricity from wasted heat.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Heat is Power Act”.

SEC. 2. ENERGY CREDIT FOR WASTED HEAT TO ELECTRICITY PROPERTY.

(a) In general.—Subparagraph (A) of section 48(a)(3) of the Internal Revenue Code of 1986 is amended by striking “or” at the end of clause (vi), by inserting
“or” at the end of clause (vii), and by adding at the end the following new clause:

“(viii) wasted heat to electricity property,”.

(b) WASTED HEAT TO ELECTRICITY PROPERTY.—
Subsection (c) of section 48 of such Code is amended by adding at the end the following new paragraph:

“(5) WASTED HEAT TO ELECTRICITY PROPERTY.—

“(A) WASTED HEAT TO ELECTRICITY PROPERTY.—The term ‘wasted heat to electricity property’ means property comprising a system which generates electricity through the recovery of a qualified wasted heat resource.

“(B) QUALIFIED WASTED HEAT RESOURCE DEFINED.—The term ‘qualified wasted heat resource’ means—

“(i) exhaust heat or flared gas from any industrial process,

“(ii) waste gas or industrial tail gas that would otherwise be flared, incinerated, or vented,

“(iii) a pressure drop in any gas, excluding any pressure drop to a condenser that subvents the resulting head, or
“(iv) such other forms of wasted heat resources as the Secretary may determine.

“(C) EXCEPTION.—The term ‘qualified wasted heat resource’ does not include any heat resource from a process whose primary purpose is the generation of electricity utilizing a fossil fuel.”.

(c) Temporarily 30-Percent Energy Property.—Clause (i) of section 48(a)(2)(A) of such Code is amended by striking “and” at the end of subclause (III) and by adding at the end the following new subclause:

“(V) energy property described in (3)(A)(viii), but only with respect to periods ending before January 1, 2018, and”.

(d) Effective Date.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 3. PRODUCTION CREDIT FOR ELECTRICITY PRODUCED FROM WASTED HEAT.

(a) In General.—Paragraph (1) of section 45(c) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting “,
and”, and by adding at the end the following new subpara-
graph:

“(J) wasted heat.”.

(b) WASTED HEAT.—Subsection (c) of section 45 of such Code is amended by adding at the end the following new paragraph:

“(11) WASTED HEAT.—The term ‘wasted heat’ means a qualified wasted heat resource (as defined by section 48(e)(5)).”.

(c) DEFINITION OF FACILITY.—Subsection (d) of section 45 of such Code is amended by adding at the end the following new paragraph:

“(12) WASTED HEAT FACILITY.—In the case of a facility using wasted heat to produce electricity, the term ‘qualified facility’ means any facility owned by the taxpayer which is originally placed in service before January 1, 2018.”.

(d) CREDIT RATE.—Subparagraph (A) of section 45(b)(4) of such Code is amended by striking “or (11)” and inserting “(11), or (12)”.

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