

AMENDMENT TO H.R. 2454**OFFERED BY MR. REICHERT OF WASHINGTON**

Page 1027, after line 25, insert the following new section:

1 **SEC. 434. ENERGY TAX CREDIT.**

2 Subpart C of part IV of subchapter A of chapter 1
3 of the Internal Revenue Code of 1986 is amended by in-
4 serting after section 36A the following new section:

5 **“SEC. 36B. ENERGY TAX CREDIT.**

6 “(a) **ALLOWANCE OF CREDIT.**—In the case of an eli-
7 gible individual, there shall be allowed as a credit against
8 the tax imposed by this subtitle for the taxable year an
9 amount equal to—

10 “(1) for an eligible individual with applicable
11 income of less than \$6,000, the phase in rate times
12 the applicable income;

13 “(2) for an eligible individual with applicable
14 income that is greater than or equal to \$6,000 and
15 is less than or equal to the phase down amount, the
16 maximum energy tax credit;

17 “(3) for an individual with applicable income
18 that exceeds the phase down amount, an amount
19 equal to—

1 “(A) the maximum energy tax credit
2 minus; or

3 “(B) the difference between the individ-
4 ual’s applicable income and the phase down
5 amount multiplied by .2.

6 “(b) COORDINATION WITH ENERGY REFUND RE-
7 CEIVED THROUGH STATE HUMAN SERVICE AGENCIES.—
8 The amount described in subsection (a) shall be reduced
9 by $\frac{1}{12}$ for each month in which the individual or his or
10 her spouse received a refund under section 432 of the Safe
11 Climate Act.

12 “(1) The Secretary of the Treasury shall pro-
13 mulgate regulations that instruct States on how to
14 inform adult individuals who receive a refund under
15 section 432 of the Safe Climate Act of the number
16 of months he or she received a refund and how such
17 information shall be provided to the Internal Rev-
18 enue Service.

19 “(2) The Secretary of the Treasury shall estab-
20 lish a telephone and online system that allows an in-
21 dividual to inquire about the number of months she
22 or he received such a refund.

23 “(3) In the case of an individual that does not
24 report the number of months a refund was provided
25 under section 432 of the Safe Climate Act or re-

1 corded an incorrect number of months, the Secretary
2 of the Treasury shall adjust the energy tax credit
3 based on the information received from States, pro-
4 vided that the Secretary of the Treasury has made
5 a determination that the information meets a suffi-
6 cient standard for accuracy.

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

9 “(1) ELIGIBLE INDIVIDUAL.—

10 “(A) IN GENERAL.—The term ‘eligible in-
11 dividual’ means any individual other than—

12 “(i) any nonresident alien individual;

13 “(ii) any individual with respect to
14 whom a deduction under section 151 is al-
15 lowable to another taxpayer for a taxable
16 year beginning in the calendar year in
17 which the individual’s taxable year begins;
18 and

19 “(iii) an estate or trust.

20 “(B) IDENTIFICATION NUMBER REQUIRE-
21 MENT.—Such term shall not include any indi-
22 vidual who—

23 “(i) in the case of a return that is not
24 a joint return, does not include the social
25 security number of the individual; and

1 “(ii) in the case of joint return, does
2 not include the social security number of
3 at least one of the taxpayers on such re-
4 turn.

5 For purposes of the preceding sentence, the so-
6 cial security number shall not include a TIN
7 issued by the Internal Revenue Service.

8 “(2) APPLICABLE INCOME.—Applicable income
9 means the larger of—

10 “(A) earned income as defined in section
11 32(e)(2), except that such term shall not in-
12 clude net earnings from self-employment which
13 are not taken into account in computing taxable
14 income; and

15 “(B) adjusted gross income.

16 “(3) PHASE IN RATE.—The Secretary of the
17 Treasury shall compute the phase in rates each year
18 for the energy credit for joint returns and for re-
19 turns that are not filed jointly with respect to each
20 relevant number of qualifying individuals such that
21 the phase in rate equals the maximum energy tax
22 credit divided by \$6,000.

23 “(4) MAXIMUM ENERGY TAX CREDIT.—

24 “(A) IN GENERAL.—

1 “(i) The maximum energy tax credit
2 shall vary based on the number of individ-
3 uals in the tax filing unit.

4 “(ii) The maximum energy tax credit
5 for a filing unit of a particular size shall
6 be equal to the average annual reduction in
7 purchasing power for low-income house-
8 holds of that household size, as calculated
9 by the Environmental Protection Agency,
10 that results from the regulation of green-
11 house gas emissions under title VII of the
12 Clean Air Act.

13 “(iii) The Environmental Protection
14 Agency, in consultation with other appro-
15 priate federal agencies, shall calculate the
16 maximum energy tax credit by August 31
17 of each year for the following calendar year
18 using the most recent, reliable data avail-
19 able.

20 “(B) ENERGY TAX CREDIT CALCULA-
21 TION.—

22 “(i) DISTRIBUTION.—For each cal-
23 endar year, the Environmental Protection
24 Agency shall determine pursuant to sub-
25 paragraph (B)(iii) the aggregate reduction

1 in purchasing power among all United
2 States households that results from the
3 regulation of greenhouse gas emissions
4 under title VII of the Clean Air Act and
5 distribute that aggregate reduction in pur-
6 chasing power among all United States
7 households based on—

8 “(I) households’ share of total
9 consumption by all households;

10 “(II) the carbon intensity and
11 covered-emissions intensity of house-
12 holds’ consumption; and

13 “(III) the share of households’
14 carbon and covered-emissions con-
15 sumption that is not financed by Fed-
16 eral benefits subject to a cost of living
17 adjustment that offsets increased car-
18 bon costs.

19 “(ii) MAXIMUM ENERGY TAX CRED-
20 IT.—The maximum energy tax credit shall
21 be equal to the arithmetic mean value of
22 the amount allocated under clause (i) to
23 households of a specified household size in
24 the lowest income quintile. Tax filing units
25 that include 5 or more individuals shall be

1 eligible for the arithmetic mean value of
2 the amount allocated under clause (i) to
3 households that includes 5 or more individ-
4 uals.

5 “(iii) AGGREGATE REDUCTION IN
6 PURCHASING POWER.—For purposes of
7 this section, the aggregate reduction in
8 purchasing power shall be based on the
9 projected total market value of the emis-
10 sions allowances used to demonstrate com-
11 pliance with title VII of the Clean Air Act
12 in that year, adjusted to reflect costs that
13 were not incurred by households as a re-
14 sult of allowances freely allocated pursuant
15 to section 782 of the Clean Air Act, as es-
16 timated by the Environmental Protection
17 Agency, and calculated in a way generally
18 recognized as suitable by experts in evalu-
19 ating such purchasing power impacts.

20 “(iv) INCOME QUINTILES.—Income
21 quintiles shall be determined by ranking
22 households according to income adjusted
23 for household size, and shall be constructed
24 so that each quintile contains an equal
25 number of people.

1 “(5) PHASE DOWN AMOUNT.—

2 “(A) In the case of an eligible individual
3 who has no qualifying individuals, the phase
4 down amount shall be—

5 “(i) \$35,000 in the case of an indi-
6 vidual who does not file a joint return; and

7 “(ii) \$70,000 in the case of a joint re-
8 turn.

9 “(B) In the case of an eligible individual
10 who files a joint return and has at least one
11 qualifying individual—

12 “(i) If the eligible individual has one
13 qualifying individual, the lowest income
14 level that exceeds the phaseout amount as
15 defined in section 32(b)(2) at which a mar-
16 ried couple with one qualifying child is in-
17 eligible for the earned income credit for the
18 taxable year.

19 “(ii) If the eligible individual has two
20 qualifying individuals, the lowest income
21 level that exceeds the phaseout amount as
22 defined in section 32(b)(2) at which a mar-
23 ried couple with two qualifying children is
24 ineligible for the earned income credit for
25 the taxable year.

1 “(iii) If the eligible individual claims
2 three or more qualifying individuals, the
3 lowest income level that exceeds the phase-
4 out amount as defined in section 32(b)(2)
5 at which a married couple with three or
6 more qualifying children is ineligible for
7 the earned income credit for the taxable
8 year.

9 “(C) In the case of an eligible individual
10 who does not file a joint return and has at least
11 one individual qualifying individual—

12 “(i) If the eligible individual has one
13 qualifying individual, the lowest income
14 level that exceeds the phaseout amount as
15 defined in section 32(b)(2) at which a sin-
16 gle individual with one qualifying child is
17 ineligible for the earned income credit for
18 the taxable year.

19 “(ii) If the eligible individual has two
20 qualifying individuals, the lowest income
21 level that exceeds the phaseout amount as
22 defined in section 32(b)(2) at which a sin-
23 gle individual with two qualifying children
24 is ineligible for the earned income credit
25 for the taxable year.

1 “(iii) If the eligible individual has
2 three or more qualifying individuals, the
3 lowest income level that exceeds the phase-
4 out amount as defined in section 32(b)(2)
5 at which a single individual with three or
6 more qualifying children is ineligible for
7 the earned income credit for the taxable
8 year.

9 “(6) QUALIFYING INDIVIDUAL.—A qualifying
10 individual is an individual whom the eligible indi-
11 vidual claims as a dependent under section 151, or
12 as a qualifying child for the earned income credit
13 under section 32(c)(3) or the child tax credit under
14 section 24, or both. The term qualifying individual
15 does not include—

16 “(A) someone claimed as a dependent
17 under section 151 if that dependent is claimed
18 as a qualifying child for the earned income tax
19 credit or the child tax credit on a tax form by
20 someone other than the eligible individual; and

21 “(B) the eligible individual and, if a joint
22 return, his or her spouse.

23 “(7) NUMBER OF PEOPLE IN THE TAX FILING
24 UNIT.—The number of people in the tax filing unit

1 shall equal the sum of the number of qualifying indi-
2 viduals plus—

3 “(A) in the case of a joint return, 2; and

4 “(B) in the case of a return that is not
5 filed jointly, 1.

6 “(d) TREATMENT OF POSSESSIONS.—

7 ~~“(1) PAYMENTS TO POSSESSIONS.—~~

8 “(A) MIRROR CODE POSSESSION.—The
9 Secretary of the Treasury shall pay to each pos-
10 session of the United States with a mirror code
11 tax system amounts equal to the loss to that
12 possession by reason of the amendments made
13 by this section. Such amounts shall be deter-
14 mined by the Secretary of the Treasury based
15 on information provided by the Government of
16 the respective possession.

17 “(B) OTHER POSSESSIONS.—The Sec-
18 retary of the Treasury shall pay to each posses-
19 sion of the United States which does not have
20 a mirror code tax system amounts estimated by
21 the Secretary of the Treasury as being equal to
22 the aggregate benefits that would have been
23 provided to residents of such possession by rea-
24 son of the amendments made by this section if
25 a mirror code tax system had been in effect in

1 such possession. The preceding sentence shall
2 not apply for a given taxable year with respect
3 to any possession of the United States unless
4 such possession has a plan, which has been ap-
5 proved by the Secretary of the Treasury, under
6 which such possession will promptly distribute
7 such payments to residents of such possession.

8 “(2) COORDINATION WITH CREDIT ALLOWED
9 AGAINST UNITED STATES INCOME TAXES.—No cred-
10 it shall be allowed against United States income
11 taxes for any taxable year under this section to any
12 person—

13 “(A) to whom a credit is allowed against
14 taxes imposed by the possession by reason of
15 the amendments made by this section for such
16 taxable year; or

17 “(B) who is eligible for a payment under
18 a plan described in paragraph (1)(B) with re-
19 spect to such taxable year.

20 “(e) AMOUNT OF CREDIT TO BE DETERMINED
21 UNDER TABLES.—The amount of the credit allowed by
22 this section shall be determined under tables prescribed
23 by the Secretary.

24 “(f) INFLATION ADJUSTMENTS.—In the case of any
25 taxable year beginning after 2009, dollar amounts in sub-

1 section (c)(5)(A) shall be increased by an amount equal
2 to such dollar amount, multiplied by the cost-of-living ad-
3 justment determined under section 1(f)(3) of the Internal
4 Revenue Code of 1986.

5 “(g) TREATMENT IN OTHER PROGRAMS.—The en-
6 ergy tax credit provided under this section shall not be
7 considered income or resources for any purpose under any
8 Federal, State, or local laws, including, but not limited
9 to, laws relating to an income tax or public assistance pro-
10 gram (including, but not limited to, health care, cash aid,
11 child care, nutrition programs, and housing assistance),
12 and no participating State or political subdivision thereof
13 shall decrease any assistance otherwise provided an indi-
14 vidual or individuals because of the receipt of an energy
15 tax credit under this Act.”.

Page 724, after line 8, insert the following:

16 “(t) ENERGY TAX CREDIT.—Notwithstanding sub-
17 section (n), from the allowances allocated under subsection
18 (n), a sufficient number of such allowances shall be auc-
19 tioned pursuant to section 791, as determined by the Sec-
20 retary of the Treasury, to equal the cost of carrying out
21 section 36B of the Internal Revenue Code of 1986 (as
22 added by section 434 of the Climate Change Act) and the

1 proceeds from such auctions shall be deposited into the
2 Treasury.”.

