

117TH CONGRESS  
1ST SESSION

# H. R. 4647

To amend the Internal Revenue Code of 1986 to expand the exclusion for certain conservation subsidies to include subsidies for water conservation or efficiency measures and storm water management measures.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2021

Mr. HUFFMAN (for himself, Ms. CHU, Mr. PANETTA, Mr. LOWENTHAL, Mr. SCHIFF, Mrs. NAPOLITANO, Mr. SWALWELL, Mrs. KIRKPATRICK, Mr. GARAMENDI, Ms. BROWNLEY, Mr. LEVIN of California, Mr. CARBAJAL, Mr. BERA, Ms. LEE of California, and Mr. DESAULNIER) 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 expand the exclusion for certain conservation subsidies to include subsidies for water conservation or efficiency measures and storm water management measures.

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 “Water Conservation  
5       Rebate Tax Parity Act”.

1 **SEC. 2. MODIFICATIONS TO INCOME EXCLUSION FOR CON-**  
2 **SERVATION SUBSIDIES.**

3 (a) IN GENERAL.—Section 136(a) of the Internal  
4 Revenue Code of 1986 is amended—

5 (1) by striking “any subsidy provided” and in-  
6 serting “any subsidy—

7 “(1) provided”,

8 (2) by striking the period at the end and insert-  
9 ing a comma, and

10 (3) by adding at the end the following new  
11 paragraphs:

12 “(2) provided (directly or indirectly) by a public  
13 utility to a customer, or by a State or local govern-  
14 ment to a resident of such State or locality, for the  
15 purchase or installation of any water conservation or  
16 efficiency measure,

17 “(3) provided (directly or indirectly) by a storm  
18 water management provider to a customer, or by a  
19 State or local government to a resident of such State  
20 or locality, for the purchase or installation of any  
21 storm water management measure, or

22 “(4) provided (directly or indirectly) by a State  
23 or local government to a resident of such State or  
24 locality for the purchase or installation of any waste-  
25 water management measure, but only if such meas-

1 ure is with respect to the taxpayer's principal resi-  
2 dence.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) DEFINITION OF WATER CONSERVATION OR  
5 EFFICIENCY MEASURE AND STORM WATER MANAGE-  
6 MENT MEASURE.—Section 136(c) of the Internal  
7 Revenue Code of 1986 is amended—

8 (A) by striking “ENERGY CONSERVATION  
9 MEASURE” in the heading thereof and inserting  
10 “DEFINITIONS”,

11 (B) by striking “IN GENERAL” in the  
12 heading of paragraph (1) and inserting “EN-  
13 ERGY CONSERVATION MEASURE”, and

14 (C) by redesignating paragraph (2) as  
15 paragraph (5) and by inserting after paragraph  
16 (1) the following:

17 “(2) WATER CONSERVATION OR EFFICIENCY  
18 MEASURE.—For purposes of this section, the term  
19 ‘water conservation or efficiency measure’ means any  
20 evaluation of water use, or any installation or modi-  
21 fication of property, the primary purpose of which is  
22 to reduce consumption of water or to improve the  
23 management of water demand with respect to one or  
24 more dwelling units.

1 “(3) STORM WATER MANAGEMENT MEASURE.—

2 For purposes of this section, the term ‘storm water  
3 management measure’ means any installation or  
4 modification of property primarily designed to re-  
5 duce or manage amounts of storm water with re-  
6 spect to one or more dwelling units.

7 “(4) WASTEWATER MANAGEMENT MEASURE.—

8 For purposes of this section, the term ‘wastewater  
9 management measure’ means any installation or  
10 modification of property primarily designed to man-  
11 age wastewater (including septic tanks and cess-  
12 pools) with respect to one or more dwelling units.”.

13 (2) DEFINITION OF PUBLIC UTILITY.—Section  
14 136(c)(5) of such Code (as redesignated by para-  
15 graph (1)(C)) is amended by striking subparagraph  
16 (B) and inserting the following:

17 “(B) PUBLIC UTILITY.—The term ‘public  
18 utility’ means a person engaged in the sale of  
19 electricity, natural gas, or water to residential,  
20 commercial, or industrial customers for use by  
21 such customers.

22 “(C) STORM WATER MANAGEMENT PRO-  
23 VIDER.—The term ‘storm water management  
24 provider’ means a person engaged in the provi-

1 sion of storm water management measures to  
 2 the public.

3 “(D) PERSON.—For purposes of subpara-  
 4 graphs (B) and (C), the term ‘person’ includes  
 5 the Federal Government, a State or local gov-  
 6 ernment or any political subdivision thereof, or  
 7 any instrumentality of any of the foregoing.”.

8 (3) CLERICAL AMENDMENTS.—

9 (A) The heading of section 136 of such  
 10 Code is amended—

11 (i) by inserting “**AND WATER**” after  
 12 “**ENERGY**”, and

13 (ii) by striking “**PROVIDED BY PUB-**  
 14 **LIC UTILITIES**”.

15 (B) The item relating to section 136 in the  
 16 table of sections of part III of subchapter B of  
 17 chapter 1 of such Code is amended—

18 (i) by inserting “and water” after  
 19 “energy”, and

20 (ii) by striking “provided by public  
 21 utilities”.

22 (c) EFFECTIVE DATE.—The amendments made by  
 23 this section shall apply to amounts received after Decem-  
 24 ber 31, 2018.

1       (d) NO INFERENCE.—Nothing in this Act or the  
2 amendments made by this Act shall be construed to create  
3 any inference with respect to the proper tax treatment of  
4 any subsidy received directly or indirectly from a public  
5 utility, a storm water management provider, or a State  
6 or local government for any water conservation measure  
7 or storm water management measure before January 1,  
8 2022.

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