

**AMENDMENT TO RULES COMMITTEE PRINT 114-**

**47**

**OFFERED BY MR. HUFFMAN OF CALIFORNIA**

Page 3, after line 17, add the following:

1 **SEC. 4. EXCLUSION OF AMOUNTS RECEIVED FROM A**  
2 **WATER DEPARTMENT FOR WATER CON-**  
3 **SERVATION EFFICIENCY MEASURES AND**  
4 **WATER RUNOFF MANAGEMENT IMPROVE-**  
5 **MENTS.**

6 (a) IN GENERAL.—Part III of subchapter B of chap-  
7 ter 1 of the Internal Revenue Code of 1986 is amended  
8 by inserting after section 139E the following new section:

9 **“SEC. 139F. WATER CONSERVATION EFFICIENCY MEAS-**  
10 **URES AND WATER RUNOFF MANAGEMENT IM-**  
11 **PROVEMENTS.**

12 “(a) IN GENERAL.—Gross income shall not include  
13 the value of any water conservation and efficiency measure  
14 or water runoff management improvement (or any sub-  
15 sidy, rebate, or other amount for such a measure or im-  
16 provement) received directly or indirectly from a water de-  
17 partment.

18 “(b) DENIAL OF DOUBLE BENEFIT.—Notwith-  
19 standing any other provision of this subtitle, no deduction

1 or credit shall be allowed for, or by reason of, any expendi-  
2 ture to the extent of the amount excluded under sub-  
3 section (a) for any subsidy, rebate or other amount which  
4 was provided with respect to such expenditure. The ad-  
5 justed basis of any property shall be reduced by the  
6 amount excluded under subsection (a) which was provided  
7 with respect to such property.

8 “(c) DEFINITIONS.—For purposes of this section—

9 “(1) WATER CONSERVATION AND EFFICIENCY  
10 MEASURE.—The term ‘water conservation and effi-  
11 ciency measure’ means any evaluation of water use,  
12 or any installation or modification of property, the  
13 primary purpose of which is to reduce consumption  
14 of water or to improve the management of water de-  
15 mand with respect to one or more dwelling units.

16 “(2) WATER RUNOFF MANAGEMENT IMPROVE-  
17 MENT.—The term ‘water runoff management im-  
18 provement’ means any installation or modification of  
19 property the primary purpose of which is to reduce  
20 or manage storm water runoff with respect to one or  
21 more dwelling units.

22 “(3) WATER DEPARTMENT.—The term ‘water  
23 department’ means any entity (including a public or  
24 private utility, the Federal Government, a State or  
25 local government or any political subdivision thereof,

1 or any instrumentality of the foregoing) engaged  
2 in—

3 “(A) the provision of water to the public  
4 through pipes or other constructed conveyances,  
5 or

6 “(B) the collection, treatment, manage-  
7 ment, or disposal of stormwater or wastewater  
8 generated by the public.

9 “(4) DWELLING UNIT.—The term ‘dwelling  
10 unit’ has the meaning given such term by section  
11 280A(f)(1).”.

12 (b) CLERICAL AMENDMENT.—The table of section  
13 for part III of subchapter B of chapter 1 of such Code  
14 is amended by inserting after the item relating to section  
15 139E the following new item:

“Sec. 139F. Water conservation efficiency measures and water runoff manage-  
ment improvements.”.

16 (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 2014.

19 (d) NO INFERENCE REGARDING PROPER TAX  
20 TREATMENT.—Nothing in this Act or the amendments  
21 made by this Act shall be construed to create any infer-  
22 ence with respect to the proper tax treatment of any sub-  
23 sidy or rebate received directly or indirectly from a water  
24 department for any water conservation and efficiency

- 1 measure or water runoff management improvement in any
- 2 taxable year ending on or before the date of the enactment
- 3 of this Act.

