AMENDMENT TO RULES COMMITTEE PRINT 114-48

OFFERED BY MR. HUFFMAN OF CALIFORNIA

Page 2, after line 9, add the following:

SEC. 3. EXCLUSION OF AMOUNTS RECEIVED FROM A WATER DEPARTMENT FOR WATER CONSERVATION EFFICIENCY MEASURES AND WATER RUNOFF MANAGEMENT IMPROVEMENTS.

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

“SEC. 139F. WATER CONSERVATION EFFICIENCY MEASURES AND WATER RUNOFF MANAGEMENT IMPROVEMENTS.

“(a) IN GENERAL.—Gross income shall not include the value of any water conservation and efficiency measure or water runoff management improvement (or any subsidy, rebate, or other amount for such a measure or improvement) received directly or indirectly from a water department.

“(b) DENIAL OF DOUBLE BENEFIT.—Notwithstanding any other provision of this subtitle, no deduction
or credit shall be allowed for, or by reason of, any expenditure to the extent of the amount excluded under subsection (a) for any subsidy, rebate or other amount which was provided with respect to such expenditure. The adjusted basis of any property shall be reduced by the amount excluded under subsection (a) which was provided with respect to such property.

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

“(1) WATER CONSERVATION AND EFFICIENCY MEASURE.—The term ‘water conservation and efficiency measure’ means any evaluation of water use, or any installation or modification of property, the primary purpose of which is to reduce consumption of water or to improve the management of water demand with respect to one or more dwelling units.

“(2) WATER RUNOFF MANAGEMENT IMPROVEMENT.—The term ‘water runoff management improvement’ means any installation or modification of property the primary purpose of which is to reduce or manage storm water runoff with respect to one or more dwelling units.

“(3) WATER DEPARTMENT.—The term ‘water department’ means any entity (including a public or private utility, the Federal Government, a State or local government or any political subdivision thereof,
or any instrumentality of the foregoing) engaged in—

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

“(B) the collection, treatment, management, or disposal of stormwater or wastewater generated by the public.

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

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

“Sec. 139F. Water conservation efficiency measures and water runoff management improvements.”.

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

(d) NO INFERENCE REGARDING PROPER TAX TREATMENT.—Nothing in this Act or the amendments made by this Act shall be construed to create any inference with respect to the proper tax treatment of any subsidy or rebate received directly or indirectly from a water department for any water conservation and efficiency
measure or water runoff management improvement in any taxable year ending on or before the date of the enactment of this Act.