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(Original Signature of Member)

110TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to allow a credit for qualified expenditures paid or incurred to replace certain wood stoves.

IN THE HOUSE OF REPRESENTATIVES

Mr. GRAVES introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit for qualified expenditures paid or incurred to replace certain wood stoves.

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 "Clean Stove Act of 2007".

SEC. 2. CREDIT FOR REPLACEMENT WOOD-BURNING STOVES MEETING ENVIRONMENTAL STANDARDS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 25D the following new section:

"SEC. 25E. REPLACEMENT OF WOOD-BURNING STOVES.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the qualified stove replacement expenditures paid or incurred by taxpayer during the taxable year.

"(b) LIMITATION.—The amount of the credit under subsection (a) with respect to the replacement of each noncompliant wood stove shall not exceed $500.

"(c) QUALIFIED STOVE REPLACEMENT EXPENDITURES.—

"(1) IN GENERAL.—The term 'qualified stove replacement expenditures' means an expenditure for the purchase and installation of a compliant stove which—

"(A) is installed in a dwelling unit located in the United States, and

"(B) replaces a noncompliant wood stove used in such dwelling unit.

Such term includes expenditures for labor costs properly allocable to the onsite preparation, assembly, or original installation of the compliant stove.

"(2) COMPLIANT STOVE.—The term 'compliant stove' means a wood-burning stove or pellet stove which meets the requirements set forth in the Standards of Performance for New Residential Wood Heaters issued by the Environmental Protection Agency.

"(3) NONCOMPLIANT WOOD STOVE.—The term 'noncompliant wood stove' means any wood-burning stove that is not a compliant stove.

"(d) JOINT OCCUPANCY, COOPERATIVE HOUSING CORPORATIONS, AND WHEN EXPENDITURE MADE.—Rules similar to the rules of paragraphs (4), (5), and (8) of section 25D(e) shall apply for purposes of this section.

"(e) BASIS ADJUSTMENT.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

"(f) TERMINATION.—This section shall not apply to expenditures made after December 31, 2010.".

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 1016 of such Code is amended by striking "and" at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting ", and" , and by adding at the end the following new paragraph:

"(38) the case of property with respect to which a credit has been allowed under 25E, to the extent provided in section 25E(e).".

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the items relating to section 25D the following new item:

"Sec. 25E. Replacement of wood-burning stoves."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures for stoves purchased after the date of enactment of this Act.