

111TH CONGRESS
2D SESSION

S. _____

To provide for the establishment of a Home Star Retrofit Rebate Program,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. BINGAMAN (for himself, Mr. WARNER, Mr. GRAHAM, Ms. SNOWE, Mr. MERKLEY, Mr. BROWN of Massachusetts, Ms. STABENOW, Mr. SANDERS, Mr. DODD, Mrs. GILLIBRAND, Mr. CARPER, Mr. PRYOR, Mr. BEGICH, Ms. KLOBUCHAR, Ms. CANTWELL, and Mr. HARKIN) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To provide for the establishment of a Home Star Retrofit
Rebate Program, and for other purposes.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Home Star Retrofit Act of 2010”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—HOME STAR RETROFITS

- Sec. 101. Definitions.
- Sec. 102. Home Star Retrofit Rebate Program.
- Sec. 103. Contractors.
- Sec. 104. Rebate aggregators.
- Sec. 105. Quality assurance providers.
- Sec. 106. Silver Star Home Retrofit Program.
- Sec. 107. Gold Star Home Retrofit Program.
- Sec. 108. Grants to States and Indian tribes.
- Sec. 109. Quality assurance framework.
- Sec. 110. Report.
- Sec. 111. Administration.
- Sec. 112. Treatment of rebates.
- Sec. 113. Penalties.
- Sec. 114. Home Star Efficiency Loan Program.
- Sec. 115. Funding.

TITLE II—PERFORMANCE BASED ENERGY IMPROVEMENT TAX
CREDITS

- Sec. 201. Performance based energy improvements for nonbusiness property.

1 **TITLE I—HOME STAR**
2 **RETROFITS**

3 **SEC. 101. DEFINITIONS.**

4 In this title:

5 (1) ACCREDITED CONTRACTOR.—The term “ac-
6 credited contractor” means a contractor that meets
7 the minimum applicable requirements established
8 under subsections (a) and (b) of section 103.

9 (2) ADMINISTRATOR.—The term “Adminis-
10 trator” means the Administrator of the Environ-
11 mental Protection Agency.

12 (3) BPI.—The term “BPI” means the Building
13 Performance Institute.

14 (4) CERTIFIED WORKFORCE.—The term “cer-
15 tified workforce” means a residential efficiency con-
16 struction workforce in which all persons performing

1 installation work in the areas of building envelope
2 retrofits, duct sealing, or any other additional skill
3 category designated by the Secretary of Labor, in
4 consultation with stakeholders and the Secretary of
5 Energy, are certified through an existing certifi-
6 cation that covers the appropriate job skills under—

7 (A) an applicable third party skills stand-
8 ard established—

9 (i) by the BPI;

10 (ii) by the North American Technician
11 Excellence;

12 (iii) by the Laborers' International
13 Union of North America;

14 (B) an applicable third party skills stand-
15 ard established in the State in which the work
16 is to be performed, pursuant to a program oper-
17 ated by the Home Builders Institute in connec-
18 tion with Ferris State University, to be effective
19 beginning on the date that is 30 days after the
20 date notice is provided by those organizations to
21 the Secretary that the program has been estab-
22 lished in the State unless the Secretary deter-
23 mines, not later than 30 days after the date of
24 the notice, that the standard or certification

1 does not equal in quality the standards and cer-
2 tifications described in subparagraph (A); or

3 (C) other standards approved by the Sec-
4 retary, in consultation with the Secretary of
5 Labor and the Administrator.

6 (5) **CONDITIONED SPACE.**—The term “condi-
7 tioned space” means the area of a home that is—

8 (A) intended for habitation; and

9 (B) intentionally heated or cooled.

10 (6) **CONTRACTOR.**—The term “contractor”
11 means a residential efficiency contracting business
12 entity.

13 (7) **DOE.**—The term “DOE” means the De-
14 partment of Energy.

15 (8) **ELECTRIC UTILITY.**—The term “electric
16 utility” means any person or State agency that de-
17 livers or sells electric energy at retail, including non-
18 regulated utilities and utilities that are subject to
19 State regulation and Federal power marketing ad-
20 ministrations.

21 (9) **EPA.**—The term “EPA” means the Envi-
22 ronmental Protection Agency.

23 (10) **FEDERAL REBATE PROCESSING SYSTEM.**—
24 The term “Federal Rebate Processing System”

1 means the Federal Rebate Processing System estab-
2 lished under section 102(b).

3 (11) GOLD STAR HOME RETROFIT PROGRAM.—
4 The term “Gold Star Home Retrofit Program”
5 means the Gold Star Home Retrofit Program estab-
6 lished under section 107.

7 (12) HOME.—The term “home” means a prin-
8 cipal residential dwelling unit in a building with no
9 more than 4 dwelling units that—

10 (A) is located in the United States; and

11 (B) was constructed before the date of en-
12 actment of this Act.

13 (13) HOMEOWNER.—The term “homeowner”
14 means the resident or non-resident owner of record
15 of a home.

16 (14) HOME STAR LOAN PROGRAM.—The term
17 “Home Star loan program” means the Home Star
18 efficiency loan program established under section
19 114(a).

20 (15) HOME STAR RETROFIT REBATE PRO-
21 GRAM.—The term “Home Star Retrofit Rebate Pro-
22 gram” means the Home Star Retrofit Rebate Pro-
23 gram established under section 102(a).

24 (16) INDIAN TRIBE.—The term “Indian tribe”
25 has the meaning given the term in section 4 of the

1 Indian Self-Determination and Education Assistance
2 Act (25 U.S.C. 450b).

3 (17) NATURAL GAS UTILITY.—The term “nat-
4 ural gas utility” means any person or State agency
5 that transports, distributes, or sells natural gas at
6 retail, including nonregulated utilities and utilities
7 that are subject to State regulation.

8 (18) QUALIFIED CONTRACTOR.—The term
9 “qualified contractor” means a contractor that
10 meets minimum applicable requirements established
11 under section 103.

12 (19) QUALITY ASSURANCE FRAMEWORK.—The
13 term “quality assurance framework” means a policy
14 adopted by a State to develop high standards for en-
15 suring quality in ongoing efficiency retrofit activities
16 in which the State has a role, including operation of
17 the quality assurance program and creating signifi-
18 cant employment opportunities, in particular for tar-
19 geted workers.

20 (20) QUALITY ASSURANCE PROGRAM.—

21 (A) IN GENERAL.—The term “quality as-
22 surance program” means a program established
23 under this title or recognized by the Secretary
24 under this title, to oversee the delivery of home
25 efficiency retrofit programs to ensure that work

1 is performed in accordance with standards and
2 criteria established under this title.

3 (B) INCLUSIONS.—For purposes of sub-
4 paragraph (A), delivery of retrofit programs in-
5 cludes delivery of quality assurance reviews of
6 rebate applications and field inspections for a
7 portion of customers receiving rebates and con-
8 ducted by a quality assurance provider, with the
9 consent of participating consumers and without
10 delaying rebate payments to participating con-
11 tractors.

12 (21) QUALITY ASSURANCE PROVIDER.—The
13 term “quality assurance provider” means any entity
14 that meets the minimum applicable requirements es-
15 tablished under section 105.

16 (22) REBATE AGGREGATOR.—The term “rebate
17 aggregator” means an entity that meets the require-
18 ments of section 104.

19 (23) RESNET.—The term “RESNET” means
20 the Residential Energy Services Network, which is a
21 nonprofit certification and standard setting organi-
22 zation for home energy raters that evaluate the en-
23 ergy performance of a home.

24 (24) SECRETARY.—The term “Secretary”
25 means the Secretary of Energy.

1 (25) SILVER STAR HOME RETROFIT PRO-
2 GRAM.—The term “Silver Star Home Retrofit Pro-
3 gram” means the Silver Star Home Retrofit Pro-
4 gram established under section 106.

5 (26) STATE.—The term “State” means—

6 (A) a State;

7 (B) the District of Columbia;

8 (C) the Commonwealth of Puerto Rico;

9 (D) Guam;

10 (E) American Samoa;

11 (F) the Commonwealth of the Northern
12 Mariana Islands;

13 (G) the United States Virgin Islands; and

14 (H) any other territory or possession of the
15 United States.

16 (27) TARGETED WORKER.—The term “targeted
17 worker” means—

18 (A) an individual who (as determined by
19 the Secretary of Labor, in consultation with the
20 Secretary of Energy)—

21 (i) is old enough to be employed under
22 the Fair Labor Standards Act of 1938 (29
23 U.S.C. 201 et seq.) and State law;

1 (ii) resides in an area with high or
2 chronic unemployment and low median
3 household incomes; and

4 (iii) is unemployed or underemployed;
5 or

6 (B) a veteran of Operation Iraqi Freedom
7 or Operation Enduring Freedom.

8 (28) **VENDOR.**—The term “vendor” means any
9 retailer that sells directly to homeowners and con-
10 tractors the materials used for the savings measures
11 under section 106.

12 (29) **WATERSENSE PRODUCT OR SERVICE.**—
13 The term “WaterSense product or service” means a
14 water-efficient product or service that meets speci-
15 fications established by the Administrator under the
16 WaterSense Program of the Environmental Protec-
17 tion Agency.

18 **SEC. 102. HOME STAR RETROFIT REBATE PROGRAM.**

19 (a) **IN GENERAL.**—The Secretary shall establish the
20 Home Star Retrofit Rebate Program.

21 (b) **FEDERAL REBATE PROCESSING SYSTEM.**—

22 (1) **REQUIREMENTS.**—

23 (A) **IN GENERAL.**—Not later than 30 days
24 after the date of enactment of this Act, the Sec-

1 retary, in consultation with the Secretary of the
2 Treasury and the Administrator, shall—

3 (i) establish a Federal Rebate Proc-
4 essing System which shall serve as a data-
5 base and information technology system
6 that will allow rebate aggregators to sub-
7 mit claims for reimbursement using stand-
8 ard data protocols;

9 (ii) establish a national retrofit
10 website that provides information on the
11 Home Star Retrofit Rebate Program, in-
12 cluding—

13 (I) how to determine whether
14 particular efficiency measures are eli-
15 gible for rebates; and

16 (II) how to participate in the
17 program;

18 (iii) make available, on a designated
19 website, model forms for compliance with
20 all applicable requirements of this title, to
21 be submitted by—

22 (I) each qualified contractor on
23 completion of an eligible home ret-
24 rofit;

1 (II) each quality assurance pro-
2 vider on completion of field
3 verification; and

4 (III) each purchaser of a
5 WaterSense product or service; and

6 (iv) subject to section 115, provide
7 such administrative and technical support
8 to rebate aggregators and States as is nec-
9 essary to carry out this title.

10 (B) DISTRIBUTION OF FUNDS.—Not later
11 than 10 days after the date of receipt of bun-
12 dled rebate applications from a rebate
13 aggregator, the Secretary shall distribute funds
14 to the rebate aggregator on approved claims for
15 reimbursement made to the Federal Rebate
16 Processing System.

17 (C) FUNDING AVAILABILITY.—The Sec-
18 retary shall post, on a weekly basis, on the na-
19 tional retrofit website established under sub-
20 paragraph (A)(ii) information on—

21 (i) the total number of rebate claims
22 approved for reimbursement; and

23 (ii) the total amount of funds dis-
24 bursed for rebates.

1 (D) PROGRAM ADJUSTMENT OR TERMI-
2 NATION.—Based on the information described
3 in subparagraph (C), the Secretary shall an-
4 nounce a termination date and reserve funding
5 to process the rebate applications that are in
6 the Federal Rebate Processing System prior to
7 the termination date.

8 (2) MODEL FORMS.—In carrying out this sec-
9 tion, the Secretary shall consider the model forms
10 developed by the National Home Performance Coun-
11 cil.

12 (c) ADMINISTRATIVE AND TECHNICAL SUPPORT.—
13 Effective beginning not later than 30 days after the date
14 of enactment of this Act, the Secretary shall provide such
15 administrative and technical support to rebate aggregators
16 and States as is necessary to carry out this title.

17 (d) PUBLIC INFORMATION CAMPAIGN.—Not later
18 than 60 days after the date of enactment of this Act, the
19 Administrator shall develop and implement a public edu-
20 cation campaign that describes, at a minimum—

21 (1) the benefits of home energy and water-sav-
22 ing retrofits;

23 (2) the availability of rebates for—

24 (A) the installation of qualifying efficiency
25 measures; and

1 (B) whole home efficiency improvements;

2 and

3 (3) the requirements for qualified contractors

4 and accredited contractors.

5 (e) LIMITATION.—Silver Star rebates provided under

6 section 106 and Gold Star rebates provided under section

7 107 may be provided for the same home only if—

8 (1) Silver Star rebates are awarded prior to

9 Gold Star rebates;

10 (2) savings obtained from measures under the

11 Silver Star Home Retrofit Program are not counted

12 towards the simulated savings that determine the

13 value of a rebate under the Gold Star Home Retrofit

14 Program; and

15 (3) the combined Silver Star and Gold Star re-

16 bates provided to the individual homeowner do not

17 exceed \$8,000.

18 (f) AVAILABILITY.—Not later than 90 days after the

19 date of enactment of this Act, the Secretary shall ensure

20 that Home Star retrofit rebates are available to all home-

21 owners in the United States to the maximum extent prac-

22 ticable.

23 **SEC. 103. CONTRACTORS.**

24 (a) CONTRACTOR QUALIFICATIONS FOR SILVER STAR

25 HOME RETROFIT PROGRAM.—A contractor may perform

1 retrofit work under the Silver Star Home Retrofit Pro-
2 gram only if the contractor meets or provides—

3 (1) all applicable contractor licensing require-
4 ments established by the applicable State or, if none
5 exist at the State level, the Secretary;

6 (2) insurance coverage of at least \$1,000,000
7 for general liability, and for such other purposes and
8 in such other amounts as required by the State;

9 (3) warranties to homeowners that completed
10 work will—

11 (A) be free of significant defects;

12 (B) be installed in accordance with the
13 specifications of the manufacturer; and

14 (C) perform properly for a period of at
15 least 1 year after the date of completion of the
16 work;

17 (4) an agreement to provide the owner of a
18 home, through a discount, the full economic value of
19 all rebates received under this title with respect to
20 the home; and

21 (5) an agreement to provide the homeowner, be-
22 fore a contract is executed between the contractor
23 and a homeowner covering the eligible work, a notice
24 of —

1 (A) the rebate amount the contractor in-
2 tends to apply for with respect to eligible work
3 under this title; and

4 (B) the means by which the rebate will be
5 passed through as a discount to the homeowner.

6 (b) CONTRACTOR QUALIFICATIONS FOR GOLD STAR
7 HOME RETROFIT PROGRAM.—

8 (1) IN GENERAL.—A contractor may perform
9 retrofit work under the Gold Star Home Retrofit
10 Program or the performance based energy improve-
11 ment tax credit program established by section 25E
12 of the Internal Revenue Code of 1986 (as added by
13 title II) only if the contractor—

14 (A) meets the requirements for qualified
15 contractors under subsection (a);

16 (B) is accredited—

17 (i) by the BPI; or

18 (ii) under other standards approved
19 by the Secretary, in consultation with the
20 Administrator;

21 (C) except as provided in paragraph (2),
22 effective 1 year after the date on which funds
23 are provided under this Act, employs a certified
24 workforce; and

1 (D) effective beginning 1 year after the
2 date of enactment of this Act, meets all require-
3 ments of an applicable State quality assurance
4 framework.

5 (2) EXCEPTION.—A contractor described in
6 paragraph (1)(C) may employ a person who is not
7 certified to perform installation work covered under
8 section 101(4) if the employee—

9 (A) has not worked for the contractor or
10 on Home Star projects for a period of more
11 than 180 days;

12 (B) is supervised on each project by a fel-
13 low employee who is certified under section
14 101(4) to perform the applicable covered work;

15 (C) is the only person who performs cov-
16 ered installation work on a project and has not
17 been certified under section 101(4); and

18 (D) is directly employed by the contractor
19 or the subcontractor of the contractor, and not
20 self employed, or employed through a temporary
21 employment agency, staffing service, or other
22 intermediary.

23 (c) HEALTH AND SAFETY REQUIREMENTS.—Nothing
24 in this title relieves any contractor from the obligation to

1 comply with applicable Federal, State, and local health
2 and safety code requirements.

3 **SEC. 104. REBATE AGGREGATORS.**

4 (a) IN GENERAL.—The Secretary shall develop a net-
5 work of rebate aggregators that can facilitate the delivery
6 of rebates to participating contractors and vendors for dis-
7 counts provided to homeowners for efficiency retrofit
8 work.

9 (b) RESPONSIBILITIES.—Rebate aggregators shall—

10 (1) review the proposed rebate application for
11 completeness and accuracy;

12 (2) review measures under the Silver Star
13 Home Retrofit Program and savings under the Gold
14 Star Home Retrofit Program for eligibility in ac-
15 cordance with this title;

16 (3) provide data to the Federal Data Processing
17 Center consistent with data protocols established by
18 the Secretary; and

19 (4) distribute funds received from DOE to con-
20 tractors, vendors, or other persons.

21 (c) PROCESSING REBATE APPLICATIONS.—A rebate
22 aggregator shall—

23 (1) submit the rebate application to the Federal
24 Rebate Processing Center not later than 14 days

1 after the date of receipt of a rebate application from
2 a contractor; and

3 (2) distribute funds to the contractor not later
4 than 6 days after the date of receipt from the Fed-
5 eral Rebate Processing System.

6 (d) ELIGIBILITY.—To be eligible to apply to the Sec-
7 retary for approval as a rebate aggregator, an entity shall
8 be—

9 (1) a Home Performance with Energy Star
10 partner;

11 (2) an entity administering a residential effi-
12 ciency retrofit program established or approved by a
13 State;

14 (3) a Federal Power Marketing Administration,
15 an electric utility, or a natural gas utility that has—

16 (A) an approved residential efficiency ret-
17 rofit program; and

18 (B) an established quality assurance pro-
19 vider network; or

20 (4) an entity that demonstrates to the Sec-
21 retary that the entity can perform the functions of
22 an rebate aggregator, without disrupting existing
23 residential retrofits in the States that are incor-
24 porating the Home Star Program, including dem-
25 onstration of—

1 (A) corporate status or status as a State
2 or local government;

3 (B) the capability to provide electronic
4 data to the Federal Rebate Processing System;

5 (C) a financial system that is capable of
6 tracking the distribution of rebates to partici-
7 pating contractors; and

8 (D) coordination and cooperation by the
9 entity with the appropriate State office regard-
10 ing participation in the existing efficiency pro-
11 grams that will be delivering the Home Star
12 Program.

13 (e) APPLICATION TO BECOME A REBATE
14 AGGREGATOR.—Not later than 30 days after the date of
15 receipt of an application of an entity seeking to become
16 a rebate aggregator, the Secretary shall approve or deny
17 the application on the basis of the eligibility criteria under
18 subsection (d).

19 (f) APPLICATION PRIORITY.—In reviewing applica-
20 tions from entities seeking to become rebate aggregators,
21 the Secretary shall give priority to entities that commit—

22 (1) to reviewing applications for participation in
23 the program from all qualified contractors within a
24 defined geographic region; and

1 (2) to processing rebate applications more rap-
2 idly than the minimum requirements established
3 under the program.

4 (g) PUBLIC UTILITY COMMISSION EFFICIENCY TAR-
5 GETS.—The Secretary shall—

6 (1) develop guidelines for States to use to allow
7 utilities participating as rebate aggregators to count
8 the savings from the participation of the utilities to-
9 ward State-level savings targets; and

10 (2) work with States to assist in the adoption
11 of the guidelines for the purposes and duration of
12 the Home Star Retrofit Rebate Program.

13 **SEC. 105. QUALITY ASSURANCE PROVIDERS.**

14 (a) IN GENERAL.—An entity shall be considered a
15 quality assurance provider under this title if the entity—

16 (1) is independent of the contractor;

17 (2) confirms the qualifications of contractors or
18 installers of home efficiency retrofits;

19 (3) confirms compliance with the requirements
20 of a “certified workforce”; and

21 (4) performs field inspections and other meas-
22 ures required to confirm the compliance of the ret-
23 rofit work under the Silver Star program, and the
24 retrofit work and the use of software simulation sav-

1 ings under the Gold Star program, based on the re-
2 quirements of this title.

3 (b) INCLUSIONS.—An entity shall be considered a
4 quality assurance provider under this title if the entity is
5 qualified through—

6 (1) the International Code Council;

7 (2) the BPI;

8 (3) the RESNET;

9 (4) a State;

10 (5) a State-approved residential efficiency ret-
11 rofit program; or

12 (6) any other entity designated by the Sec-
13 retary, in consultation with the Administrator.

14 **SEC. 106. SILVER STAR HOME RETROFIT PROGRAM.**

15 (a) IN GENERAL.—If the energy-efficiency or water-
16 saving retrofit of a home is carried out after the date of
17 enactment of this Act in accordance with this section, a
18 rebate shall be awarded for the energy or water savings
19 retrofit of a home for the installation of savings meas-
20 ures—

21 (1) selected from the list of energy and water
22 savings measures described in subsection (b);

23 (2) installed in the home by a qualified con-
24 tractor not later than 1 year after the date of enact-
25 ment of this Act;

1 (3) carried out in compliance with this section;

2 and

3 (4) subject to the maximum amount limitations

4 established under subsection (d)(4).

5 (b) ENERGY AND WATER SAVINGS MEASURES.—

6 Subject to subsection (c), a rebate shall be awarded under

7 this section for the installation of the following energy or

8 water savings measures for a home energy or water ret-

9 rofit that meet technical standards established under this

10 section:

11 (1) Whole house air-sealing measures, in ac-

12 cordance with BPI standards or other procedures

13 approved by the Secretary.

14 (2) Attic insulation measures that—

15 (A) include sealing of air leakage between

16 the attic and the conditioned space, in accord-

17 ance with BPI standards or the attic portions

18 of the DOE or EPA thermal bypass checklist or

19 other procedures approved by the Secretary;

20 (B) add at least R-19 insulation to exist-

21 ing insulation;

22 (C) result in at least R-38 insulation in

23 DOE climate zones 1 through 4 and at least R-

24 49 insulation in DOE climate zones 5 through

1 8, including existing insulation, within the lim-
2 its of structural capacity; and

3 (D) cover at least—

4 (i) 100 percent of an accessible attic;

5 or

6 (ii) 75 percent of the total conditioned
7 footprint of the house.

8 (3) Duct seal or replacement that—

9 (A) is installed in accordance with BPI
10 standards or other procedures approved by the
11 Secretary; and

12 (B) in the case of duct replacement, re-
13 places and seals at least 50 percent of a dis-
14 tribution system of the home.

15 (4) Wall insulation that—

16 (A) is installed in accordance with BPI
17 standards or other procedures approved by the
18 Secretary;

19 (B) is to full-stud thickness; and

20 (C) covers at least 75 percent of the total
21 external wall area of the home.

22 (5) Crawl space insulation or basement wall
23 and rim joist insulation that is installed in accord-
24 ance with BPI standards or other procedures ap-
25 proved by the Secretary—

1 (A) covers at least 500 square feet of crawl
2 space or basement wall and adds at least—

3 (i) R-19 of cavity insulation or R-15
4 of continuous insulation to existing crawl
5 space insulation; or

6 (ii) R-13 of cavity insulation or R-10
7 of continuous insulation to basement walls;
8 and

9 (B) fully covers the rim joist with at least
10 R-10 of new continuous or R-13 of cavity insu-
11 lation.

12 (6) Window replacement that replaces at least
13 8 exterior windows, or 75 percent of the exterior
14 windows in a home, whichever is less, with windows
15 that—

16 (A) are certified by the National Fenestra-
17 tion Rating Council; and

18 (B) comply with criteria applicable to win-
19 dows under section 25(c) of the Internal Rev-
20 enue Code of 1986.

21 (7) Door replacement that replaces at least 1
22 exterior door with doors that comply with criteria
23 applicable to doors under the 2010 Energy Star
24 specification for doors.

1 the old stove has been removed and
2 made inoperable;

3 (II) the home has a distribution sys-
4 tem (such as ducts, vents, blowers, or af-
5 fixed fans) that allows heat from the wood
6 stove, furnace, or boiler to reach all or
7 most parts of the home; and

8 (III) an independent test laboratory
9 approved by the Secretary or the Adminis-
10 trator certifies that the new system—

11 (aa) has thermal efficiency (with
12 a lower heating value) of at least 75
13 percent for stoves and 80 percent for
14 furnaces and boilers; and

15 (bb) has particulate emissions of
16 less than 3.0 grams per hour for wood
17 stoves or pellet stoves, and less than
18 0.32 lbs per million BTU for outdoor
19 boilers and furnaces.

20 (B) A rebate may be provided under this sec-
21 tion for the replacement of a furnace or boiler de-
22 scribed in clauses (i) through (iv) of subparagraph
23 (A) only if the new furnace or boiler is installed in
24 accordance with ANSI/ACCA Standard 5 QI –
25 2007.

1 (10) Automatic water temperature controllers
2 that vary boiler water temperature in response to
3 changes in outdoor temperature or the demand for
4 heat, if the retrofit is to an existing boiler and not
5 in conjunction with a new boiler.

6 (11) Air-conditioner or heat-pump replacement
7 with a new unit that—

8 (A) is installed in accordance with ANSI/
9 ACCA Standard 5 QI-2007; and

10 (B) meets or exceeds—

11 (i) in the case of an air-source condi-
12 tioner, SEER 16 and EER 13;

13 (ii) in the case of an air-source heat
14 pump, SEER 15, EER 12.5, and HSPF
15 8.5; and

16 (iii) in the case of a geothermal heat
17 pump, Energy Star tier 2 efficiency re-
18 quirements.

19 (12) Replacement of or with—

20 (A) a natural gas or propane water heater
21 with a condensing storage water heater with an
22 energy factor of 0.80 or more or a condensing
23 storage water heater or tankless water heater
24 with a thermal efficiency of 90 percent or more;

1 (B) a tankless natural gas or propane
2 water heater with an energy factor of at least
3 .82;

4 (C) a natural gas or propane storage water
5 heater with an energy factor of at least .67;

6 (D) an indirect water heater with an insu-
7 lated storage tank that—

8 (i) has a storage capacity of at least
9 30 gallons and is insulated to at least R-
10 16; and

11 (ii) is installed in conjunction with a
12 qualifying boiler described in paragraph
13 (7);

14 (E) an electric water heater with an energy
15 factor of 2.0 or more;

16 (F) a water heater with a solar hot water
17 system that—

18 (i) is certified by the Solar Rating and
19 Certification Corporation under specifica-
20 tion SRCC-OG-300; or

21 (ii) meets technical standards estab-
22 lished by the State of Hawaii; or

23 (G) a water heater installed in conjunction
24 with a qualifying geothermal heat pump de-

1 scribed in paragraph (11) that provides domes-
2 tic water heating through the use of—

3 (i) year-round demand water heating
4 capability; or

5 (ii) a desuperheater.

6 (13) Storm windows that—

7 (A) are installed on a least 5 single-glazed
8 windows that do not have storm windows;

9 (B) are installed in a home listed on or eli-
10 gible for listing in the National Register of His-
11 toric Places; and

12 (C) comply with any procedures that the
13 Secretary may establish for storm windows (in-
14 cluding installation).

15 (14) Roof replacement that replaces at least 75
16 percent of the roof area with energy-saving roof
17 products certified under the Energy Star program.

18 (15) Window films that are installed on at least
19 8 exterior windows, doors, or skylights, or 75 per-
20 cent of the total exterior square footage of glass,
21 whichever is more, in a home with window films
22 that—

23 (A) are certified by the National Fenestra-
24 tion Rating Council;

1 (B) have a Solar Heat Gain Coefficient of
2 0.40 or less with a visible light-to-solar heat
3 gain ratio of at least 1.1 in 2009 International
4 Energy Conservation Code climate zones 1
5 through 8; and

6 (C) are certified to reduce the U-factor of
7 the National Fenestration Rating Council dual
8 pane reference window by 0.05 or greater and
9 are only applied to nonmetal frame dual pane
10 windows in 2009 International Energy Con-
11 servation Code climate zones 4 through 8.

12 (16) WaterSense products or services.

13 (c) INSTALLATION COSTS.—Measures described in
14 paragraphs (1) through (16) of subsection (b) shall in-
15 clude expenditures for labor and other installation-related
16 costs (including venting system modification and conden-
17 sate disposal) properly allocable to the onsite preparation,
18 assembly, or original installation of the component.

19 (d) AMOUNT OF REBATE.—

20 (1) IN GENERAL.—Except as provided in para-
21 graphs (2) through (4), the amount of a rebate pro-
22 vided under this section shall be \$1,000 per measure
23 for the installation of savings measures described in
24 subsection (b)

1 (2) HIGHER REBATE AMOUNT.—Except as pro-
2 vided in paragraph (4), the amount of a rebate pro-
3 vided to the owner of a home or designee under this
4 section shall be \$1,500 per measure for—

5 (A) attic insulation and air sealing de-
6 scribed in subsection (b)(2);

7 (B) wall insulation described in subsection
8 (b)(4);

9 (C) a heating system described in sub-
10 section (b)(9); and

11 (D) an air-conditioner or heat-pump re-
12 placement described in subsection (b)(11).

13 (3) LOWER REBATE AMOUNT.—Except as pro-
14 vided in paragraph (4), the amount of a rebate pro-
15 vided under this section shall be—

16 (A) \$125 per door for the installation of
17 up to a maximum of 2 Energy Star doors de-
18 scribed in subsection (b)(7) for each home;

19 (B) \$125 per skylight for the installation
20 of up to a maximum of 2 Energy Star skylights
21 described in subsection (b)(8) for each home;

22 (C) \$750 for a maximum of 1 natural gas
23 or propane tankless water heater described in
24 subsection (b)(12)(B) for each home;

1 (D) \$450 for a maximum of 1 natural gas
2 or propane storage water heater described in
3 subsection (b)(12)(C) for each home;

4 (E) \$250 for rim joist insulation described
5 in subsection (b)(5)(B);

6 (F) \$50 for each storm window described
7 in subsection (b)(13);

8 (G) \$500 for a desuperheater described in
9 subsection (b)(12)(G)(ii);

10 (H) \$500 for a wood or pellet stove that
11 has a heating capacity of at least 28,000 BTU
12 per hour (using the upper end of the range list-
13 ed in the EPA list of Certified Wood Stoves)
14 and meets all of the requirements of subsection
15 (b)(9)(v) other than the requirements in items
16 (aa) and (bb) of subsection (b)(9)(v)(I);

17 (I) \$250 for an automatic water tempera-
18 ture controller described in subsection (b)(10);

19 (J) \$500 for a roof described in subsection
20 (b)(14);

21 (K) \$500 for window films described in
22 subsection (b)(15); and

23 (L) \$150 for any combination of
24 WaterSense products or services described in
25 subsection (b)(16), if the total cost of all

1 WaterSense products or services is at least
2 \$300.

3 (4) MAXIMUM AMOUNT.—The total amount of a
4 rebate provided to the owner of a home or designee
5 under this section shall not exceed the lower of—

6 (A) \$3,000;

7 (B) the sum of the amounts per measure
8 specified in paragraphs (1) through (3);

9 (C) 50 percent of the total cost of the in-
10 stalled measures; or

11 (D) if the Secretary finds that the net
12 value to the homeowner of the rebates is less
13 than the amount of the rebates, the actual net
14 value to the homeowner.

15 (e) INSULATION PRODUCTS PURCHASED WITHOUT
16 INSTALLATION SERVICES.—

17 (1) IN GENERAL.—A rebate shall be awarded
18 under this section for attic, wall, or crawl space in-
19 sulation or air sealing product if—

20 (A) the product—

21 (i) qualifies for a credit under section
22 25C of the Internal Revenue Code of 1986
23 but is not the subject of a claim for the
24 credit;

1 (ii) is purchased by a homeowner for
2 installation by the homeowner in a home
3 identified by the address of the home-
4 owner;

5 (iii) is identified and attributed to a
6 specific home in a submission by the ven-
7 dor to a rebate aggregator;

8 (iv) is not part of—

9 (I) a savings measure described
10 in paragraphs (6) through (11) of
11 subsection (b); and

12 (II) a retrofit for which a rebate
13 is provided under the Gold Star Home
14 Retrofit Program; and

15 (v) is not part of a savings measure
16 described in paragraphs (1) through (5) in
17 subsection (b) for which the homeowner re-
18 ceived or will receive contracting services;
19 and

20 (B) educational material on proper instal-
21 lation of the product is provided to the home-
22 owner, including material on air sealing while
23 insulating.

24 (2) AMOUNT.—A rebate under this subsection
25 shall be awarded in an amount equal to 50 percent

1 of the total cost of the products described in para-
2 graph (1), but not to exceed \$250 per home.

3 (f) QUALIFICATION FOR REBATE UNDER SILVER
4 STAR HOME RETROFIT PROGRAM.—On submission of a
5 claim by a rebate aggregator to the system established
6 under section 104, the Secretary shall provide reimburse-
7 ment to the rebate aggregator for reduced-cost energy-effi-
8 ciency measures installed in a home, if—

9 (1) the measures undertaken for the retrofit
10 are—

11 (A) eligible measures described on the list
12 established under subsection (b);

13 (B) installed properly in accordance with
14 applicable technical specifications; and

15 (C) installed by a qualified contractor;

16 (2) the amount of the rebate does not exceed
17 the maximum amount described in subsection (d)(4);

18 (3) not less than—

19 (A) 20 percent of the retrofits performed
20 by each qualified contractor under this section
21 are randomly subject to a third-party field
22 verification of all work associated with the ret-
23 rofit by a quality assurance provider; or

24 (B) in the case of qualified contractor that
25 uses a certified workforce, 10 percent of the

1 retrofits performed under this section are ran-
2 domly subject to a third-party field verification
3 of all work associated with the retrofit by a
4 quality assurance provider; and

5 (4)(A) the installed measures will be brought
6 into compliance with the specifications and quality
7 standards for the Home Star Retrofit Rebate Pro-
8 gram, by the installing qualified contractor, at no
9 additional cost to the homeowner, not later than 14
10 days after the date of notification of a defect, if a
11 field verification by a quality assurance provider
12 finds that corrective work is needed;

13 (B) a subsequent quality assurance visit is con-
14 ducted to evaluate the remedy not later than 7 days
15 after notification by the contractor that the defect
16 has been corrected; and

17 (C) notification of disposition of the visit occurs
18 not later than 7 days after the date of that visit.

19 (g) HOMEOWNER COMPLAINTS.—

20 (1) IN GENERAL.—During the 1-year warranty
21 period, a homeowner may make a complaint under
22 the quality assurance program that compliance with
23 the requirements of this section has not been
24 achieved.

25 (2) VERIFICATION.—

1 (A) IN GENERAL.—The quality assurance
2 program shall provide that, on receiving a com-
3 plaint under paragraph (1), an independent
4 quality assurance provider shall conduct field
5 verification on the retrofit work performed by
6 the contractor.

7 (B) ADMINISTRATION.—A verification
8 under this paragraph shall be—

9 (i) in addition to verifications con-
10 ducted under subsection (f)(3); and

11 (ii) corrected in accordance with sub-
12 section (f)(4).

13 (h) AUDITS.—

14 (1) IN GENERAL.—On making payment for a
15 submission under this section, the Secretary shall re-
16 view rebate requests to determine whether program
17 requirements were met in all respects.

18 (2) INCORRECT PAYMENT.—On a determination
19 of the Secretary under paragraph (1) that a pay-
20 ment was made incorrectly to a party, the Secretary
21 may—

22 (A) recoup the amount of the incorrect
23 payment; or

1 (B) withhold the amount of the incorrect
2 payment from the next payment made to the
3 party pursuant to a subsequent request.

4 **SEC. 107. GOLD STAR HOME RETROFIT PROGRAM.**

5 (a) IN GENERAL.—If the energy efficiency or water
6 savings retrofit of a home is carried out after the date
7 of enactment of this Act by an accredited contractor in
8 accordance with this section, a rebate shall be awarded
9 for retrofits that achieve whole home energy or water sav-
10 ings.

11 (b) AMOUNT OF REBATE.—

12 (1) ENERGY SAVINGS.—Subject to subsection
13 (e), the amount of a rebate provided to the owner
14 of a home or a designee of the owner for energy sav-
15 ings under this section shall be—

16 (A) \$3,000 for a 20-percent reduction in
17 whole home energy consumption; and

18 (B) an additional \$1,000 for each addi-
19 tional 5-percent reduction up to the lower of—

20 (i) \$8,000; or

21 (ii) 50 percent of the total retrofit
22 cost (including the cost of audit and diag-
23 nostic procedures).

24 (2) WATER SAVINGS.—Subject to subsection
25 (e), the amount of a rebate provided to the owner

1 of a home or a designee of the owner for a reduction
2 in water consumption under this section shall be—

3 (A) \$500 for measures that achieve a 20-
4 percent reduction in water consumption; and

5 (B) an additional \$100 for each additional
6 5-percent reduction in water consumption up to
7 the lower of—

8 (i) \$1,200; or

9 (ii) 50 percent of the total retrofit
10 cost (including the cost of audit and diag-
11 nostic procedures).

12 (c) ENERGY AND WATER SAVINGS.—

13 (1) IN GENERAL.—Reductions in whole home
14 energy or water consumption under this section shall
15 be determined by a comparison of the simulated en-
16 ergy or water consumption of the home before and
17 after the retrofit of the home.

18 (2) DOCUMENTATION.—The percent improve-
19 ment in energy or water consumption under this sec-
20 tion shall be documented through—

21 (A)(i) the use of a whole home simulation
22 software program that has been approved as a
23 commercial alternative under the Weatheriza-
24 tion Assistance Program for Low-Income Per-
25 sons established under part A of title IV of the

1 Energy Conservation and Production Act (42
2 U.S.C. 6861 et seq.); or

3 (ii) a equivalent performance test estab-
4 lished by the Secretary, in consultation with the
5 Administrator; or

6 (B)(i) the use of a whole home simulation
7 software program that has been approved under
8 RESNET Publication No. 06–001 (or a suc-
9 cessor publication approved by the Secretary);

10 (ii) an equivalent performance test estab-
11 lished by the Secretary; or

12 (iii) a State-certified equivalent rating net-
13 work, as specified by IRS Notice 2008–35; or

14 (iv) a HERS rating system required by
15 State law.

16 (3) MONITORING.—The Secretary—

17 (A) shall continuously monitor the software
18 packages used for determining rebates under
19 this section; and

20 (B) may disallow the use of software pro-
21 grams that improperly assess energy or water
22 savings.

23 (4) ASSUMPTIONS AND TESTING.—The Sec-
24 retary may—

1 (A) establish simulation tool assumptions
2 for the establishment of the pre-retrofit energy
3 or water consumption;

4 (B) require compliance with software per-
5 formance tests covering—

6 (i) mechanical system performance;

7 (ii) duct distribution system efficiency;

8 (iii) hot water performance; or

9 (iv) other measures; and

10 (C) require the simulation of pre-retrofit
11 energy or water usage to be bounded by me-
12 tered pre-retrofit energy or water usage.

13 (5) RECOMMENDED MEASURES.—The simula-
14 tion tool shall have the ability at a minimum to as-
15 sess the savings associated with all the measures for
16 which incentives are specifically provided under the
17 Silver Star Home Retrofit Program.

18 (6) QUANTIFICATION OF WATER SAVINGS.—Not
19 later than 180 days after the date of enactment of
20 this Act, the Secretary, in consultation with the Ad-
21 ministrator, shall make public an approved method-
22 ology for use in quantifying reductions in water con-
23 sumption for the purpose of carrying out this sec-
24 tion.

1 (d) QUALIFICATION FOR REBATE UNDER GOLD
2 STAR HOME RETROFIT PROGRAM.—On submission of a
3 claim by a rebate aggregator to the system established
4 under section 104, the Secretary shall provide reimburse-
5 ment to the rebate aggregator for reduced-cost whole-
6 home retrofits, if—

7 (1) the retrofit is performed by an accredited
8 contractor;

9 (2) the amount of the reimbursement is not
10 more than the amount described in subsection (b);

11 (3) documentation described in subsection (c) is
12 transmitted with the claim;

13 (4) a home receiving a whole-home retrofit is
14 subject to random third-party field verification by a
15 quality assurance provider in accordance with sub-
16 section (e); and

17 (5)(A) the installed measures will be brought
18 into compliance with the specifications and quality
19 standards for the Home Star Retrofit Rebate Pro-
20 gram, by the installing qualified contractor, at no
21 additional cost to the homeowner, not later than 14
22 days after the date of notification of a defect if a
23 field verification by a quality assurance provider
24 finds that corrective work is needed;

1 (B) a subsequent quality assurance visit is con-
2 ducted to evaluate the remedy not later than 7 days
3 after notification by the contractor that the defect
4 has been corrected; and

5 (C) notification of disposition of the visit occurs
6 not later than 7 days after the date of that visit.

7 (e) VERIFICATION.—

8 (1) IN GENERAL.—Subject to paragraph (2), all
9 work installed in a home receiving a whole-home ret-
10 rofit by an accredited contractor under this section
11 shall be subject to random third-party field
12 verification by a quality assurance provider at a rate
13 of—

14 (A) 15 percent; or

15 (B) in the case of work performed by an
16 accredited contractor using a certified work-
17 force, 10 percent.

18 (2) VERIFICATION NOT REQUIRED.—A home
19 shall not be subject to random third-party field
20 verification under this section if—

21 (A) a post-retrofit home energy or water
22 rating is conducted by an eligible certifier in ac-
23 cordance with—

1 (i) RESNET Publication No. 06–001
2 (or a successor publication approved by the
3 Secretary);

4 (ii) a State-certified equivalent rating
5 network, as specified in IRS Notice 2008–
6 35; or

7 (iii) a HERS rating system required
8 by State law;

9 (B) the eligible certifier is independent of
10 the qualified contractor or accredited contractor
11 in accordance with RESNET Publication No.
12 06–001 (or a successor publication approved by
13 the Secretary); and

14 (C) the rating includes field verification of
15 measures.

16 (f) HOMEOWNER COMPLAINTS.—

17 (1) IN GENERAL.—A homeowner may make a
18 complaint under the quality assurance program dur-
19 ing the 1-year warranty period that compliance with
20 the requirements of this section has not been
21 achieved.

22 (2) VERIFICATION.—

23 (A) IN GENERAL.—The quality assurance
24 program shall provide that, on receiving a com-
25 plaint under paragraph (1), an independent

1 quality assurance provider shall conduct field
2 verification on the retrofit work performed by
3 the contractor.

4 (B) ADMINISTRATION.—A verification
5 under this paragraph shall be—

6 (i) in addition to verifications con-
7 ducted under subsection (e)(1); and

8 (ii) corrected in accordance with sub-
9 section (e).

10 (g) AUDITS.—

11 (1) IN GENERAL.—On making payment for a
12 submission under this section, the Secretary shall re-
13 view rebate requests to determine whether program
14 requirements were met in all respects.

15 (2) INCORRECT PAYMENT.—On a determination
16 of the Secretary under paragraph (1) that a pay-
17 ment was made incorrectly to a party, the Secretary
18 may—

19 (A) recoup the amount of the incorrect
20 payment; or

21 (B) withhold the amount of the incorrect
22 payment from the next payment made to the
23 party pursuant to a subsequent request.

1 **SEC. 108. GRANTS TO STATES AND INDIAN TRIBES.**

2 (a) IN GENERAL.—A State or Indian tribe that re-
3 ceives a grant under subsection (d) shall use the grant
4 for—

5 (1) administrative costs;

6 (2) oversight of quality assurance programs;

7 (3) development and implementation of ongoing
8 quality assurance framework;

9 (4) establishment and delivery of financing pi-
10 lots in accordance with this title;

11 (5) coordination with existing residential ret-
12 rofit programs and infrastructure development to as-
13 sist deployment of the Home Star program;

14 (6) assisting in the delivery of services to rental
15 units; and

16 (7) the costs of carrying out the responsibilities
17 of the State or Indian tribe under the Silver Star
18 Home Retrofit Program and the Gold Star Home
19 Retrofit Program.

20 (b) INITIAL GRANTS.—Not later than 30 days after
21 the date of enactment of this Act, the Secretary shall
22 make the initial grants available under this section.

23 (c) INDIAN TRIBES.—The Secretary shall reserve an
24 appropriate amount of funding to be made available to
25 carry out this section for each fiscal year to make grants
26 available to Indian tribes under this section.

1 (d) STATE ALLOTMENTS.—From the amounts made
2 available to carry out this section for each fiscal year re-
3 maining after the reservation required under subsection
4 (c), the Secretary shall make grants available to States
5 in accordance with section 115.

6 (e) QUALITY ASSURANCE PROGRAMS.—

7 (1) IN GENERAL.—A State or Indian tribe may
8 use a grant made under this section to carry out a
9 quality assurance program that is—

10 (A) operated as part of a State energy con-
11 servation plan established under part D of title
12 III of the Energy Policy and Conservation Act
13 (42 U.S.C. 6321 et seq.);

14 (B) managed by the office or the designee
15 of the office that is—

16 (i) responsible for the development of
17 the plan under section 362 of that Act (42
18 U.S.C. 6322); and

19 (ii) to the maximum extent prac-
20 ticable, conducting an existing efficiency
21 program; and

22 (C) in the case of a grant made to an In-
23 dian tribe, managed by an entity designated by
24 the Indian tribe to carry out a quality assur-

1 ance program or a national quality assurance
2 program manager.

3 (2) NONCOMPLIANCE.—If the Secretary deter-
4 mines that a State or Indian tribe has not provided
5 or cannot provide adequate oversight over a quality
6 assurance program to ensure compliance with this
7 title, the Secretary may—

8 (A) withhold further quality assurance
9 funds from the State or Indian tribe; and

10 (B) require that quality assurance pro-
11 viders operating in the State or by the Indian
12 tribe be overseen by a national quality assur-
13 ance program manager selected by the Sec-
14 retary.

15 (f) IMPLEMENTATION.—A State or Indian tribe that
16 receives a grant under this section may implement a qual-
17 ity assurance program through the State, the Indian tribe,
18 or a third party designated by the State or Indian tribe,
19 including—

20 (1) an energy or water service company;

21 (2) an electric utility;

22 (3) a natural gas utility;

23 (4) a third-party administrator designated by
24 the State or Indian tribe;

25 (5) a unit of local government; or

1 (6) a public or private water utility.

2 (g) PUBLIC-PRIVATE PARTNERSHIPS.—A State or
3 Indian tribe that receives a grant under this section are
4 encouraged to form partnerships with utilities, energy
5 service companies, and other entities—

6 (1) to assist in marketing a program;

7 (2) to facilitate consumer financing;

8 (3) to assist in implementation of the Silver
9 Star Home Retrofit Program and the Gold Star
10 Home Retrofit Program, including installation of
11 qualified retrofit measures; and

12 (4) to assist in implementing quality assurance
13 programs.

14 (h) COORDINATION OF REBATE AND EXISTING
15 STATE-SPONSORED PROGRAMS.—

16 (1) IN GENERAL.—A State or Indian tribe
17 shall, to the maximum extent practicable, prevent
18 duplication through coordination of a program au-
19 thorized under this title with—

20 (A) the Energy Star appliance rebates pro-
21 gram authorized under the American Recovery
22 and Reinvestment Act of 2009 (Public Law
23 111–5; 123 Stat. 115); and

24 (B) comparable programs planned or oper-
25 ated by States, political subdivisions, electric

1 and natural gas utilities, Federal power mar-
2 keting administrations, and Indian tribes.

3 (2) EXISTING PROGRAMS.—In carrying out this
4 subsection, a State or Indian tribe shall—

5 (A) give priority to—

6 (i) comprehensive retrofit programs in
7 existence on the date of enactment of this
8 Act, including programs under the super-
9 vision of State utility regulators; and

10 (ii) using Home Star funds made
11 available under this title to enhance and
12 extend existing programs; and

13 (B) seek to enhance and extend existing
14 programs by coordinating with administrators
15 of the programs.

16 **SEC. 109. QUALITY ASSURANCE FRAMEWORK.**

17 (a) IN GENERAL.—Not later than 180 days after the
18 date that the Secretary initially provides funds to a State
19 under this title, the State shall submit to the Secretary
20 a plan to implement a quality assurance framework.

21 (b) MODEL STATE PLANS.—The Secretary shall—

22 (1) as soon as practicable after the date of en-
23 actment of this Act, solicit the submission of model
24 State quality assurance framework plans that are
25 consistent with this section; and

1 (2) not later than 60 days after the date of en-
2 actment or the receipt of funding to carry out this
3 Act (whichever is later), approve 1 or more such
4 model plans that incorporate nationally consistent
5 high standards for optional use by States.

6 (c) IMPLEMENTATION.—The State shall—

7 (1) develop a quality assurance framework in
8 consultation with industry stakeholders, including
9 representatives of efficiency program managers, con-
10 tractors, and environmental, efficiency, and labor or-
11 ganizations; and

12 (2) implement the quality assurance framework
13 not later than 1 year after the date of enactment of
14 this Act.

15 (d) COMPONENTS.—The quality assurance frame-
16 work established under this section shall include—

17 (1) a requirement that contractors performing
18 covered retrofits meet—

19 (A) the accreditation, workforce certifi-
20 cation, and all other requirements established
21 under section 103(b); and

22 (B) minimum standards for accredited
23 contractors, including—

24 (i) compliance with applicable Fed-
25 eral, State, and local laws;

1 (ii) maintenance of records needed to
2 verify compliance; and

3 (iii) use of independent contractors
4 only when appropriately classified as such
5 pursuant to Revenue Ruling 87-41 and
6 section 530 of the Revenue Act of 1978
7 and relevant State law;

8 (2) maintenance of a list of accredited contrac-
9 tors;

10 (3) requirements for maintenance and delivery
11 to the Federal Rebate Processing System of infor-
12 mation needed to verify compliance and ensure ap-
13 propriate compensation for quality assurance pro-
14 viders;

15 (4) targets and realistic plans for—

16 (A) the recruitment of minority- and
17 women-owned small business enterprises;

18 (B) the employment of graduates of train-
19 ing programs that primarily serve targeted
20 workers;

21 (C) the employment of targeted workers;
22 and

23 (D) the availability of financial assistance
24 under the Home Star loan program to—

1 (i) public use microdata areas that
2 have a poverty rate of 12 percent or more;
3 and

4 (ii) homeowners served by units of
5 local government in jurisdictions that have
6 an unemployment rate that is 2 percent
7 higher than the national unemployment
8 rate;

9 (5) a plan to link workforce training for effi-
10 ciency retrofits with training for the broader range
11 of skills and occupations in construction or emerging
12 clean energy industries;

13 (6) quarterly reports to the Secretary on the
14 progress of implementation of the quality assurance
15 framework and any success in meeting the targets
16 and plans; and

17 (7) maintenance of a list of qualified quality as-
18 surance providers and minimum standards for the
19 quality assurance providers.

20 (e) NONCOMPLIANCE.—If the Secretary determines
21 that a State that has elected to implement a quality assur-
22 ance program, but has failed to plan, develop, or imple-
23 ment a quality assurance framework in accordance with
24 this section, the Secretary shall suspend further grants for
25 State administration pursuant to section 115(b)(1).

1 (f) COORDINATION.—The Secretary shall take rea-
2 sonable steps consistent with the existing authority of the
3 Secretary to promote coordination between State quality
4 assurance frameworks and any residential retrofit pro-
5 gram funded in whole or in part by the Secretary, which
6 may include the adoption of standards established under
7 the quality assurance frameworks and the use of partici-
8 pating accredited contractors.

9 (g) EXCLUSIONS.—The quality assurance frame-
10 works shall not apply to any measures or activities under
11 the Silver Star Home Retrofit Program.

12 **SEC. 110. REPORT.**

13 (a) IN GENERAL.—Not later than 1 year after the
14 date of enactment of this Act, the Secretary shall submit
15 to the Committee on Energy and Natural Resources of
16 the Senate and the Committee on Energy and Commerce
17 of the House of Representatives a report on the use of
18 funds under this title.

19 (b) CONTENTS.—The report shall include a descrip-
20 tion of—

21 (1) the savings produced as a result of this
22 title;

23 (2) the direct and indirect employment created
24 as a result of the programs supported by the funds
25 provided under this title;

1 (3) the specific entities implementing the effi-
2 ciency programs;

3 (4) the beneficiaries who received the efficiency
4 improvements;

5 (5) the manner in which funds provided under
6 this title were used;

7 (6) the sources (such as mortgage lenders, util-
8 ity companies, and local governments) and types of
9 financing used by the beneficiaries to finance the
10 retrofit expenses that were not covered by grants
11 provided under this title; and

12 (7) the results of verification requirements; and

13 (8) any other information the Secretary con-
14 siders appropriate

15 (c) NONCOMPLIANCE.—If the Secretary determines
16 that a rebate aggregator, State, or Indian tribe has not
17 provided the information required under this section, the
18 Secretary shall provide to the rebate aggregator, State, or
19 Indian tribe a period of at least 90 days to provide any
20 necessary information, subject to penalties imposed by the
21 Secretary for entities other than States and Indian tribes,
22 which may include withholding of funds or reduction of
23 future grant amounts.

1 **SEC. 111. ADMINISTRATION.**

2 (a) **IN GENERAL.**—Subject to section 115(b), not
3 later than 30 days after the date of enactment of this Act,
4 the Secretary shall provide such administrative and tech-
5 nical support to rebate aggregators, States, and Indian
6 tribes as is necessary to carry out the functions designated
7 to States under this title.

8 (b) **APPOINTMENT OF PERSONNEL.**—Notwith-
9 standing the provisions of title 5, United States Code, gov-
10 erning appointments in the competitive service and Gen-
11 eral Schedule classifications and pay rates, the Secretary
12 may appoint such professional and administrative per-
13 sonnel as the Secretary considers necessary to carry out
14 this title.

15 (c) **RATE OF PAY.**—The rate of pay for a person ap-
16 pointed under subsection (a) shall not exceed the max-
17 imum rate payable for GS–15 of the General Schedule
18 under chapter 53 of title 5, United States Code.

19 (d) **CONSULTANTS.**—Notwithstanding section 303 of
20 the Federal Property and Administrative Services Act of
21 1949 (41 U.S.C. 253), the Secretary may retain such con-
22 sultants on a noncompetitive basis as the Secretary con-
23 siders necessary to carry out this title.

24 (e) **CONTRACTING.**—In carrying out this title, the
25 Secretary may waive all or part of any provision of the
26 Competition in Contracting Act of 1984 (Public Law 98–

1 369; 98 Stat. 1175), an amendment made by that Act,
2 or the Federal Acquisition Regulation on a determination
3 that circumstances make compliance with the provisions
4 contrary to the public interest.

5 (f) REGULATIONS.—

6 (1) IN GENERAL.—Notwithstanding section 553
7 of title 5, United States Code, the Secretary may
8 issue regulations that the Secretary, in the sole dis-
9 cretion of the Secretary, determines necessary to
10 carry out the Home Star Retrofit Rebate Program.

11 (2) DEADLINE.—If the Secretary determines
12 that regulations described in paragraph (1) are nec-
13 essary, the regulations shall be issued not later than
14 60 days after the date of the enactment of this Act.

15 (3) LIMITATIONS.—

16 (A) IN GENERAL.—Subject to subpara-
17 graph (B), the Secretary shall not use the au-
18 thority provided under this subsection—

19 (i) to develop, adopt, or implement a
20 public labeling system that rates and com-
21 pares the energy or water performance of
22 1 home with another home; or

23 (ii) to require the public disclosure of
24 an energy or water performance evaluation
25 or rating developed for any specific home.

1 (B) ADMINISTRATION.—Nothing in this
2 paragraph precludes—

3 (i) the computation, collection, or use
4 by the Secretary, rebate aggregators, qual-
5 ity assurance providers, or States, for the
6 purposes of carrying out sections 106 and
7 107, of information on the rating and com-
8 parison of the energy and water perform-
9 ance of homes with and without energy or
10 water efficiency features or an energy or
11 water performance evaluation or rating;

12 (ii) the use and publication of aggre-
13 gate data (without identifying individual
14 homes or participants) based on informa-
15 tion referred to in clause (i) to determine
16 or demonstrate the performance of the
17 Home Star program; or

18 (iii) the provision of information re-
19 ferred to in clause (i) with respect to a
20 specific home—

21 (I) to the State, homeowner,
22 quality assurance provider, rebate
23 aggregator, or contractor performing
24 retrofit work on that home, or an en-
25 tity providing Home Star services, as

1 necessary to enable carrying out this
2 title; or

3 (II) for purposes of prosecuting
4 fraud or abuse.

5 (4) WATERSENSE PRODUCTS OR SERVICES.—In
6 issuing regulations under this subsection, the Sec-
7 retary shall coordinate with the Administrator to
8 carry out the provisions of the Home Star Retrofit
9 Rebate Program relating to WaterSense products or
10 services.

11 (g) INFORMATION COLLECTION.—Chapter 35 of title
12 44, United States Code, shall not apply to any information
13 collection requirement necessary for the implementation of
14 the Home Star Retrofit Rebate Program.

15 (h) ADJUSTMENT OF REBATE AMOUNTS.—Effective
16 beginning on the date that is 180 days after the date of
17 enactment of this Act, the Secretary may, after not less
18 than 30 days public notice, prospectively adjust the rebate
19 amounts provided in this section based on—

20 (1) the use of the Silver Star Home Retrofit
21 Program and the Gold Star Home Retrofit Program;
22 and

23 (2) other program data.

1 **SEC. 112. TREATMENT OF REBATES.**

2 (a) IN GENERAL.—For purposes of the Internal Rev-
3 enue Code of 1986, rebates received for eligible measures
4 under this title—

5 (1) shall not be considered taxable income to a
6 homeowner;

7 (2) shall prohibit the consumer from applying
8 for a tax credit allowed under section 25C, 25D, or
9 25E of that Code for the same eligible measures per-
10 formed in the home of the homeowner; and

11 (3) shall be considered a credit allowed under
12 section 25C, 25D, or 25E of that Code for purposes
13 of any limitation on the amount of the credit under
14 that section.

15 (b) NOTICE.—

16 (1) IN GENERAL.—A participating contractor
17 shall provide notice to a homeowner of the provisions
18 of subsection (a) before eligible work is performed in
19 the home of the homeowner.

20 (2) NOTICE IN REBATE FORM.—A homeowner
21 shall be notified of the provisions of subsection (a)
22 in the appropriate rebate form developed by the Sec-
23 retary, in consultation with the Secretary of the
24 Treasury.

25 (3) AVAILABILITY OF REBATE FORM.—A par-
26 ticipating contractor shall obtain the rebate form on

1 a designated website in accordance with section
2 102(b)(1)(A)(iii).

3 **SEC. 113. PENALTIES.**

4 (a) IN GENERAL.—It shall be unlawful for any per-
5 son to violate this title (including any regulation issued
6 under this title), other than a violation as the result of
7 a clerical error.

8 (b) CIVIL PENALTY.—Any person who commits a vio-
9 lation of this title shall be liable to the United States for
10 a civil penalty in an amount that is not more than the
11 higher of—

12 (1) \$15,000 for each violation; or

13 (2) 3 times the value of any associated rebate
14 under this title.

15 (c) ADMINISTRATION.—The Secretary may—

16 (1) assess and compromise a penalty imposed
17 under subsection (b); and

18 (2) require from any entity the records and in-
19 spections necessary to enforce this title.

20 (d) EXCLUSION.—A State may bar a contractor from
21 receiving receive rebates under this Act if the contractor
22 has committed repeated violations of this Act.

23 (e) FRAUD.—In addition to any civil penalty, any per-
24 son who commits a fraudulent violation of this title shall
25 be subject to criminal prosecution.

1 **SEC. 114. HOME STAR EFFICIENCY LOAN PROGRAM.**

2 (a) DEFINITIONS.—In this section:

3 (1) ELIGIBLE PARTICIPANT.—The term “eligi-
4 ble participant” means a homeowner who receives fi-
5 nancial assistance from a qualified financing entity
6 to carry out energy or water efficiency or renewable
7 energy improvements to an existing home or other
8 residential building of the homeowner in accordance
9 with the Gold Star Home Retrofit Program or the
10 Silver Star Home Retrofit Program.

11 (2) PROGRAM.—The term “program” means
12 the Home Star Efficiency Loan Program established
13 under subsection (b).

14 (3) QUALIFIED FINANCING ENTITY.—The term
15 “qualified financing entity” means a State, political
16 subdivision of a State, tribal government, electric
17 utility, natural gas utility, nonprofit or community-
18 based organization, energy service company, retailer,
19 public water system, or any other qualified entity
20 that—

21 (A) meets the eligibility requirements of
22 this section; and

23 (B) is designated by the Governor of a
24 State in accordance with subsection (e).

1 (4) QUALIFIED LOAN PROGRAM MECHANISM.—

2 The term “qualified loan program mechanism”

3 means a loan program that is—

4 (A) administered by a qualified financing
5 entity; and

6 (B) principally funded—

7 (i) by funds provided by or overseen
8 by a State or local government; or

9 (ii) through the energy loan program
10 of the Federal National Mortgage Associa-
11 tion.

12 (b) ESTABLISHMENT.—The Secretary shall establish
13 a Home Star Efficiency Loan Program under which the
14 Secretary shall make funds available to States to support
15 financial assistance provided by qualified financing enti-
16 ties for making, to existing homes, efficiency improve-
17 ments that qualify under the Gold Star Home Retrofit
18 Program or the Silver Star Home Retrofit Program.

19 (c) ELIGIBILITY OF QUALIFIED FINANCING ENTI-
20 TIES.—To be eligible to participate in the program, a
21 qualified financing entity shall—

22 (1) offer a financing product under which eligi-
23 ble participants may pay over time for the cost to
24 the eligible participant (after all applicable Federal,
25 State, local, and other rebates or incentives are ap-

1 plied) of making improvements described in sub-
2 section (b);

3 (2) require all financed improvements to be per-
4 formed by contractors in a manner that meets min-
5 imum standards that are at least as stringent as the
6 standards provided under sections 106 and 107; and

7 (3) establish standard underwriting criteria to
8 determine the eligibility of program applicants,
9 which criteria shall be consistent with—

10 (A) with respect to unsecured consumer
11 loan programs, standard underwriting criteria
12 used under the energy loan program of the
13 Federal National Mortgage Association; or

14 (B) with respect to secured loans or other
15 forms of financial assistance, commercially rec-
16 ognized best practices applicable to the form of
17 financial assistance being provided (as deter-
18 mined by the designated entity administering
19 the program in the State).

20 (d) ALLOCATION.—In making funds available to
21 States for each fiscal year under this section, the Sec-
22 retary shall use the formula used to allocate funds to
23 States to carry out State energy conservation plans estab-
24 lished under part D of title III of the Energy Policy and
25 Conservation Act (42 U.S.C. 6321 et seq.).

1 (e) QUALIFIED FINANCING ENTITIES.—Before mak-
2 ing funds available to a State under this section, the Sec-
3 retary shall require the Governor of the State to provide
4 to the Secretary a letter of assurance that the State—

5 (1) has 1 or more qualified financing entities
6 that meet the requirements of this section;

7 (2) has established a qualified loan program
8 mechanism that—

9 (A) includes a methodology to ensure cred-
10 ible energy or water savings or renewable en-
11 ergy generation;

12 (B) incorporates an effective repayment
13 mechanism, which may include—

14 (i) on-utility-bill repayment;

15 (ii) tax assessment or other form of
16 property assessment financing;

17 (iii) municipal service charges;

18 (iv) energy, water, or energy or water
19 efficiency services contracts;

20 (v) efficiency power purchase agree-
21 ments;

22 (vi) unsecured loans applying the un-
23 derwriting requirements of the energy loan
24 program of the Federal National Mortgage
25 Association; or

1 (vii) alternative contractual repayment
2 mechanisms that have been demonstrated
3 to have appropriate risk mitigation fea-
4 tures; and

5 (C) will provide, in a timely manner, all in-
6 formation regarding the administration of the
7 program as the Secretary may require to permit
8 the Secretary to meet the reporting require-
9 ments of subsection (h).

10 (f) USE OF FUNDS.—Funds made available to States
11 under the program may be used to support financing prod-
12 ucts offered by qualified financing entities to eligible par-
13 ticipants for eligible efficiency work, by providing—

- 14 (1) interest rate reductions;
15 (2) loan loss reserves or other forms of credit
16 enhancement;
17 (3) revolving loan funds from which qualified fi-
18 nancing entities may offer direct loans; or
19 (4) other debt instruments or financial products
20 necessary—

21 (A) to maximize leverage provided through
22 available funds; and

23 (B) to support widespread deployment of
24 efficiency finance programs.

1 (g) USE OF REPAYMENT FUNDS.—In the case of a
2 revolving loan fund established by a State described in
3 subsection (f)(3), a qualified financing entity may use
4 funds repaid by eligible participants under the program
5 to provide financial assistance for additional eligible par-
6 ticipants to make improvements described in subsection
7 (b) in a manner that is consistent with this section or
8 other such criteria as are prescribed by the State.

9 (h) PROGRAM EVALUATION.—Not later than 1 year
10 after the date of enactment of this Act, the Secretary shall
11 submit to Congress a program evaluation that describes—

12 (1) how many eligible participants have partici-
13 pated in the program;

14 (2) how many jobs have been created through
15 the program, directly and indirectly;

16 (3) what steps could be taken to promote fur-
17 ther deployment of energy and water efficiency and
18 renewable energy retrofits;

19 (4) the quantity of verifiable energy and water
20 savings, homeowner energy and water bill savings,
21 and other benefits of the program; and

22 (5) the performance of the programs carried
23 out by qualified financing entities under this section,
24 including information on the rate of default and re-
25 payment.

1 (i) CREDIT SUPPORT FOR FINANCING PROGRAMS.—
2 Section 1705 of the Energy Policy Act of 2005 (42 U.S.C.
3 16516) is amended—

4 (1) in subsection (a), by adding at the end the
5 following:

6 “(4) Energy and water efficiency projects, in-
7 cluding projects to retrofit residential, commercial,
8 and industrial buildings, facilities, and equipment,
9 including financing programs that finance the retro-
10 fitting of residential, commercial, and industrial
11 buildings, facilities, and equipment.”.

12 (2) by redesignating subsection (e) as sub-
13 section (f); and

14 (3) by inserting after subsection (d) the fol-
15 lowing:

16 “(e) CREDIT SUPPORT FOR FINANCING PRO-
17 GRAMS.—

18 “(1) IN GENERAL.—In the case of programs
19 that finance the retrofitting of residential, commer-
20 cial, and industrial buildings, facilities, and equip-
21 ment described in subsection (a)(4), the Secretary
22 may—

23 “(A) offer loan guarantees for portfolios of
24 debt obligations; and

1 “(B) purchase or make commitments to
2 purchase portfolios of debt obligations.

3 “(2) TERM.—Notwithstanding section 1702(f),
4 the term of any debt obligation that receives credit
5 support under this subsection shall require full re-
6 payment over a period not to exceed the lesser of—

7 “(A) 30 years; and

8 “(B) the projected weighted average useful
9 life of the measure or system financed by the
10 debt obligation or portfolio of debt obligations
11 (as determined by the Secretary).

12 “(3) UNDERWRITING.—The Secretary may—

13 “(A) delegate underwriting responsibility
14 for portfolios of debt obligations under this sub-
15 section to financial institutions that meet quali-
16 fications determined by the Secretary; and

17 “(B) determine an appropriate percentage
18 of loans in a portfolio to review in order to con-
19 firm sound underwriting.

20 “(4) ADMINISTRATION.—Subsections (c) and
21 (d)(3) of section 1702 and subsection (c) of this sec-
22 tion shall not apply to loan guarantees made under
23 this subsection.”.

24 (j) TERMINATION OF EFFECTIVENESS.—The author-
25 ity provided by this section and the amendments made by

1 this section terminates effective on the date that is 2 years
2 after the date of enactment of this Act.

3 **SEC. 115. FUNDING.**

4 (a) AUTHORIZATION OF APPROPRIATIONS.—

5 (1) IN GENERAL.—Subject to subsection (j),
6 there is authorized to be appropriated to carry out
7 this title \$5,100,000,000 for the period of fiscal
8 years 2010 through 2012.

9 (2) MAINTENANCE OF FUNDING.—Funds pro-
10 vided under this section shall supplement and not
11 supplant any Federal and State funding provided to
12 carry out efficiency programs in existence on the
13 date of enactment of this Act.

14 (b) GRANTS TO STATES.—

15 (1) IN GENERAL.—Of the amount provided
16 under subsection (a), \$380,000,000 or not more
17 than 6 percent, whichever is less, shall be used to
18 carry out section 108.

19 (2) DISTRIBUTION TO STATE ENERGY OF-
20 FICES.—

21 (A) IN GENERAL.—Not later than 30 days
22 after the date of enactment of this Act, the Sec-
23 retary shall—

1 (i) provide to State energy offices 25
2 percent of the funds described in para-
3 graph (1); and

4 (ii) determine a formula to provide
5 the balance of funds to State energy offices
6 through a performance-based system.

7 (B) ALLOCATION.—

8 (i) ALLOCATION FORMULA.—Funds
9 described in subparagraph (A)(i) shall be
10 made available in accordance with the allo-
11 cation formula for State energy conserva-
12 tion plans established under part D of title
13 III of the Energy Policy and Conservation
14 Act (42 U.S.C.6321 et seq.).

15 (ii) PERFORMANCE-BASED SYSTEM.—
16 The balance of the funds described in sub-
17 subparagraph (A)(ii) shall be made available
18 in accordance with the performance-based
19 system described in subparagraph (A)(ii)
20 designed to support the objectives of
21 achieving efficiency gains, employment of
22 underemployed workers, and implementing
23 quality assurance programs and frame-
24 works in participating States.

25 (c) QUALITY ASSURANCE COSTS.—

1 (1) IN GENERAL.—Of the amount provided
2 under subsection (a), not more than 5 percent shall
3 be used to carry out the quality assurance provisions
4 of this title.

5 (2) MANAGEMENT.—Funds provided under this
6 subsection shall be overseen by—

7 (A) State energy offices described in sub-
8 section (b)(2); or

9 (B) other entities determined by the Sec-
10 retary to be eligible to carry out quality assur-
11 ance functions under this title.

12 (3) DISTRIBUTION TO QUALITY ASSURANCE
13 PROVIDERS OR REBATE AGGREGATORS.—The Sec-
14 retary shall use funds provided under this subsection
15 to compensate quality assurance providers, or rebate
16 aggregators, for services under the Silver Star Home
17 Retrofit Program or the Gold Star Home Retrofit
18 Program through the Federal Rebate Processing
19 Center based on the services provided to contractors
20 under a quality assurance program and rebate ag-
21 gregation.

22 (4) INCENTIVES.—The amount of incentives
23 provided to quality assurance providers or rebate
24 aggregators shall be—

1 (A)(i) in the case of the Silver Star Home
2 Retrofit Program—

3 (I) \$25 per rebate review and submis-
4 sion provided under the program; and

5 (II) \$150 for each field inspection
6 conducted under the program; and

7 (ii) in the case of the Gold Star Home Ret-
8 rofit Program—

9 (I) \$35 for each rebate review and
10 submission provided under the program;
11 and

12 (II) \$300 for each field inspection
13 conducted under the program; or

14 (B) such other amounts as the Secretary
15 considers necessary to carry out the quality as-
16 surance provisions of this title.

17 (d) TRACKING OF REBATES AND EXPENDITURES.—

18 Of the amount provided under subsection (a), not more
19 than \$150,000,000 shall be used for costs associated with
20 database systems to track rebates and expenditures under
21 this title and related administrative costs incurred by the
22 Secretary.

23 (e) PUBLIC EDUCATION AND COORDINATION.—Of
24 the amount provided under subsection (a), not more than
25 \$10,000,000 shall be used for costs associated with public

1 education and coordination with the Federal Energy Star
2 program incurred by the Administrator.

3 (f) INDIAN TRIBES.—Of the amount provided under
4 subsection (a), the Secretary shall reserve not more than
5 3 percent to make grants available to Indian tribes under
6 this section.

7 (g) SILVER STAR HOME RETROFIT PROGRAM.—

8 (1) IN GENERAL.—In the case of the Silver
9 Star Home Retrofit Program, of the amount pro-
10 vided under subsection (a) after funds are provided
11 in accordance with subsections (b) through (f), $\frac{2}{3}$ of
12 the remaining funds for the 1-year period beginning
13 on the date of enactment of this Act (less any
14 amounts required under subsection (f)) shall be used
15 by the Secretary to provide rebates and incentives
16 authorized under the Silver Star Home Retrofit Pro-
17 gram.

18 (2) PRODUCTS PURCHASED WITHOUT INSTAL-
19 LATION SERVICES.—Of the amounts made available
20 for the Silver Star Home Retrofit Program under
21 this section, not more than \$250,000,000 shall be
22 made available for rebates under section 106(e).

23 (h) GOLD STAR HOME RETROFIT PROGRAM.—

24 (1) IN GENERAL.—In the case of the Gold Star
25 Home Retrofit Program, of the amount provided

1 under subsection (a) after funds are provided in ac-
2 cordance with subsections (b) through (g), $\frac{1}{3}$ of the
3 remaining funds for the 2-year period beginning on
4 the date of enactment of this Act (less any amounts
5 required under subsection (f)) shall be used by the
6 Secretary to provide rebates and incentives author-
7 ized under the Gold Star Home Retrofit Program.

8 (2) WATER EFFICIENCY RETROFITS.—Of the
9 amounts made available for the Gold Star Home
10 Retrofit Program under this section, \$70,000,000
11 shall be made available for rebates for water effi-
12 ciency retrofits under section 107.

13 (i) PROGRAM REVIEW AND BACKSTOP FUNDING.—

14 (1) REVIEW AND ANALYSIS.—

15 (A) IN GENERAL.—Not later than 180
16 days after the date of enactment of this Act,
17 the Secretary shall perform a State-by-State
18 analysis and review the distribution of Home
19 Star retrofit rebates under this title.

20 (B) RENTAL UNITS.—Not later than 120
21 days after the date of enactment of this Act,
22 the Secretary shall perform a review and anal-
23 ysis, with input and review from the Secretary
24 of Housing and Urban Development, of the pro-
25 cedures for delivery of services to rental units.

1 (2) ADJUSTMENT.—The Secretary may allocate
2 technical assistance funding to assist States that, as
3 determined by the Secretary—

4 (A) have not sufficiently benefitted from
5 the Home Star Retrofit Rebate Program; or

6 (B) in which rental units have not been
7 adequately served.

8 (j) RETURN OF UNDISBURSED FUNDS.—

9 (1) SILVER STAR HOME RETROFIT PROGRAM.—

10 If the Secretary has not disbursed all the funds
11 available for rebates under the Silver Star Home
12 Retrofit Program by the date that is 1 year after the
13 date of enactment of this Act, any undisbursed
14 funds shall be made available to the Gold Star
15 Home Retrofit Program.

16 (2) GOLD STAR HOME RETROFIT PROGRAM.—If
17 the Secretary has not disbursed all the funds avail-
18 able for rebates under the Gold Star Home Retrofit
19 Program by the date that is 2 years after the date
20 of enactment of this Act, any undisbursed funds
21 shall be returned to the Treasury.

22 (k) FINANCING.—Of the amounts allocated to the
23 States under subsection (b), not less than \$200,000,000
24 shall be used to carry out the financing provisions of this
25 title in accordance with section 114.

1 **TITLE II—PERFORMANCE BASED**
2 **ENERGY IMPROVEMENT TAX**
3 **CREDITS**

4 **SEC. 201. PERFORMANCE BASED ENERGY IMPROVEMENTS**
5 **FOR NONBUSINESS PROPERTY.**

6 (a) IN GENERAL.—Subpart A of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 is amended by inserting after section 25D the fol-
9 lowing new section:

10 **“SEC. 25E. PERFORMANCE BASED ENERGY IMPROVE-**
11 **MENTS.**

12 “(a) IN GENERAL.—In the case of an individual,
13 there shall be allowed as a credit against the tax imposed
14 by this chapter for the taxable year an amount equal to
15 50 percent of the amount of qualified home energy effi-
16 ciency expenditures paid or incurred by the taxpayer dur-
17 ing the taxable year.

18 “(b) LIMITATIONS.—

19 “(1) DOLLAR LIMITATION.—

20 “(A) IN GENERAL.—The amount of the
21 credit allowed under subsection (a) with respect
22 to any individual for any taxable year shall not
23 exceed the amount determined under subpara-
24 graph (B) with respect to the principal resi-
25 dence of such individual.

1 “(B) AMOUNT DETERMINED.—

2 “(i) IN GENERAL.—Subject to clause
3 (iv), the amount determined under this
4 subparagraph is the base amount increased
5 by the amount determined under clause
6 (iii).

7 “(ii) BASE AMOUNT.—For purposes of
8 this subparagraph, the base amount is—

9 “(I) \$3,000, in the case of a resi-
10 dence the construction of which is
11 completed before January 1, 1940,
12 and

13 “(II) \$2,000, in the case of a resi-
14 dence the construction of which is
15 completed after December 31, 1939.

16 “(iii) INCREASE AMOUNT.—The
17 amount determined under this clause is—

18 “(I) in the case of a residence de-
19 scribed in clause (ii)(I) which has a
20 rating system score lower than or
21 equal to the rating system score which
22 corresponds to the IECC Standard
23 Reference Design for a home of the
24 size and in the climate zone of such
25 residence, \$1,000, and

1 “(II) in the case of any residence
2 with a rating system score which is
3 lower than that which corresponds to
4 such IECC Standard Reference De-
5 sign by not less than 5 points, \$500
6 for each 5 points by which the rating
7 system score which corresponds to
8 such IECC Standard Reference De-
9 sign exceeds the rating system score
10 of such residence (in addition to the
11 amount provided under clause (i), if
12 applicable).

13 “(iv) LIMITATION.—In no event shall
14 the amount determined under this sub-
15 paragraph exceed \$8,000 with respect to
16 any individual.

17 “(2) LIMITATION BASED ON AMOUNT OF
18 TAX.—In the case of taxable years to which section
19 26(a)(2) does not apply, the credit allowed under
20 subsection (a) for any taxable year shall not exceed
21 the excess of—

22 “(A) the sum of the regular tax liability
23 (as defined in section 26(b)) plus the tax im-
24 posed by section 55, over

1 “(B) the sum of the credits allowable
2 under this subpart (other than this section and
3 sections 23, 24, and 25B) and section 27 for
4 the taxable year.

5 “(c) QUALIFIED HOME ENERGY EFFICIENCY EX-
6 PENDITURES.—For purposes of this section—

7 “(1) IN GENERAL.—The term ‘qualified home
8 energy efficiency expenditures’ means any amount
9 paid or incurred for a qualified whole home energy
10 efficiency retrofit, including the cost of audit diag-
11 nostic procedures, of a principal residence of the tax-
12 payer which is located in the United States.

13 “(2) QUALIFIED WHOLE HOME ENERGY EFFI-
14 CIENCY RETROFIT.—

15 “(A) IN GENERAL.—The term ‘qualified
16 whole home energy efficiency retrofit’ means a
17 retrofit of an existing residence if, after such
18 retrofit, such residence—

19 “(i) has a rating system score of not
20 greater than—

21 “(I) 100, determined under the
22 HERS Index, in the case of a resi-
23 dence the construction of which is
24 completed before January 1, 1940,
25 and

1 “(II) the rating system score
2 which corresponds to the most current
3 IECC Standard Reference Design for
4 a home of the size and in the climate
5 zone of such residence, in the case of
6 a residence the construction of which
7 is completed after December 31,
8 1939, or

9 “(ii) achieves an energy efficiency
10 level which is equivalent to the standard
11 applicable to such residence under clause
12 (i), as determined by the Secretary.

13 For purposes of the preceding sentence, the
14 HERS Index is the HERS Index established by
15 the Residential Energy Services Network, as in
16 effect on January 1, 2011.

17 “(B) ACCREDITATION RULE.—A retrofit
18 shall not be treated as a qualified whole home
19 energy efficiency retrofit unless such retrofit is
20 conducted by a company which is accredited by
21 the Building Performance Institute, or which
22 fulfills an equivalent standard as determined by
23 the Secretary.

24 “(C) DETERMINATION OF RATING SYSTEM
25 SCORE OR EQUIVALENT.—

1 “(i) IN GENERAL.—Subject to clause
2 (ii), the rating system score of a residence,
3 or the equivalent described in subpara-
4 graph (A)(ii), shall be determined by an
5 auditor or rater certified by the Residential
6 Energy Services Network or the Building
7 Performance Institute.

8 “(ii) SECRETARIAL DETERMINA-
9 TION.—At the discretion of the Secretary,
10 the Secretary may, in consultation with the
11 Secretary of Energy, determine an alter-
12 native standard for certification of an
13 auditor or rater for purposes of deter-
14 mining the rating system score (or equiva-
15 lent described in subparagraph (A)(ii)) of
16 a residence. If the Secretary establishes
17 such an alternative standard, clause (i)
18 shall cease to apply unless the Secretary
19 determines otherwise.

20 “(D) REGULATIONS.—Not later than De-
21 cember 31, 2011, in consultation with the Sec-
22 retary, the Secretary of Energy shall prescribe
23 regulations which specify the costs with respect
24 to energy improvements which may be taken

1 into account under this paragraph as part of a
2 qualified whole home energy efficiency retrofit.

3 “(3) EXPANSION OF BUILDING ENVELOPE IN-
4 ELIGIBLE.—The term ‘qualified home energy effi-
5 ciency expenditures’ shall not include any amount
6 which is paid or incurred in connection with any ex-
7 pansion of the building envelope of a principal resi-
8 dence.

9 “(4) SPECIAL RULE FOR EXPENDITURES RE-
10 LATING TO RENEWABLE ENERGY SYSTEMS.—In the
11 case of any qualified home energy efficiency expendi-
12 tures relating to a renewable energy system, sub-
13 section (a) shall be applied with respect to the ex-
14 penditures relating to such system by substituting
15 ‘30 percent’ for ‘50 percent’.

16 “(5) NO DOUBLE BENEFIT.—

17 “(A) IN GENERAL.—No credit shall be al-
18 lowed under this section for any taxable year in
19 which the taxpayer elects the credit under sec-
20 tion 25C.

21 “(B) NO DOUBLE BENEFIT FOR CERTAIN
22 EXPENDITURES.—The term ‘qualified home en-
23 ergy efficiency expenditures’ shall not include
24 any expenditure for which a deduction or credit
25 is otherwise allowed to the taxpayer under this

1 chapter for the taxable year or with respect to
2 which the taxpayer receives any Federal rebate.

3 “(6) PRINCIPAL RESIDENCE.—The term ‘prin-
4 cipal residence’ has the same meaning as when used
5 in section 121, except that—

6 “(A) no ownership requirement shall be
7 imposed, and

8 “(B) the period for which a building is
9 treated as used as a principal residence shall
10 also include the 60-day period ending on the 1st
11 day on which it would (but for this subpara-
12 graph) first be treated as used as a principal
13 residence.

14 “(d) RATING SYSTEM SCORE.—For purposes of this
15 section—

16 “(1) IN GENERAL.—Subject to paragraph (2),
17 the rating system score shall be the score assigned
18 under the HERS Index established by the Residen-
19 tial Energy Services Network.

20 “(2) SECRETARIAL DETERMINATION.—At the
21 discretion of the Secretary, the Secretary may, in
22 consultation with the Secretary of Energy, determine
23 an alternative rating system (including an alter-
24 native system based on the HERS Index established
25 by the Residential Energy Services Network). If the

1 Secretary establishes such an alternative rating sys-
2 tem, the rating system score with respect to any res-
3 idence shall be the score assigned under such alter-
4 native rating system.

5 “(e) IECC STANDARD REFERENCE DESIGN.—

6 “(1) IN GENERAL.—The term ‘IECC Standard
7 Reference Design’ means the Standard Reference
8 Design determined under the International Energy
9 Conservation Code in effect for the taxable year in
10 which the credit under this section is determined.

11 “(2) LIMITATION TO RESIDENCES CON-
12 STRUCTED AFTER EFFECTIVE DATE OF MOST RE-
13 CENT CODE.—No credit shall be allowed under this
14 section with respect to a principal residence the con-
15 struction of which is completed after the effective
16 date of the International Energy Conservation Code
17 in effect for the taxable year for which such credit
18 would otherwise be determined.

19 “(f) SPECIAL RULES.—For purposes of this section,
20 rules similar to the rules under paragraphs (4), (5), (6),
21 (7), and (8) of section 25D(e) and section 25C(e)(2) shall
22 apply.

23 “(g) BASIS ADJUSTMENTS.—For purposes of this
24 subtitle, if a credit is allowed under this section with re-
25 spect to any expenditure with respect to any property, the

1 increase in the basis of such property which would (but
2 for this subsection) result from such expenditure shall be
3 reduced by the amount of the credit so allowed.

4 “(h) ELECTION NOT TO CLAIM CREDIT.—This sec-
5 tion shall not apply to a taxpayer for any taxable year
6 if such taxpayer elects to have this section not apply for
7 such taxable year.

8 “(i) TERMINATION.—This section shall not apply
9 with respect to any costs paid or incurred after December
10 31, 2013.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 26(a)(1) of the Internal Revenue
13 Code of 1986 is amended by inserting “25E,” after
14 “25D”.

15 (2) Section 1016(a) of such Code is amended
16 by striking “and” at the end of paragraph (36), by
17 striking the period at the end of paragraph (37) and
18 inserting “, and”, and by adding at the end the fol-
19 lowing new paragraph:

20 “(38) to the extent provided in section
21 25E(g).”.

22 (3) Section 6501(m) of such Code is amended
23 by inserting “25E(h),” after “section”.

24 (4) The table of sections for subpart A of part
25 IV of subchapter A chapter 1 of such Code is

1 amended by inserting after the item relating to sec-
2 tion 25D the following new item:

 “Sec. 25E. Performance based energy improvements.”.

3 (c) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to amounts paid or incurred in tax-
5 able years beginning after December 31, 2010.