

**H.R. 1603, HOMEOWNER ENERGY FREEDOM ACT**

COVER PAGE/AMENDMENT

**[Attachment—Insert Cover Page/Amendment]**

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PURPOSE AND SUMMARY

H.R. 1603, Homeowner Energy Freedom Act, was introduced by Rep. Cathy McMorris Rodgers (R-WA) on March 14, 2023. This legislation would repeal the following sections from the Inflation Reduction Act (P.L. 117-169): sections 50122, establishing a new high-efficiency electric home rebate program; 50123, establishing the home energy efficiency contractor training grants; and 50131, to provide financial assistance to states and localities to adopt the latest energy conservation building code and so-called zero-energy building energy codes. The legislation also would rescind the unobligated balances of any amounts made available under sections 50122, 50123, and 50131. These programs all carry the underlying intent of facilitating the banning or discontinuation of the use of natural gas in Americans’ homes.

BACKGROUND AND NEED FOR LEGISLATION

H.R. 1603 removes three provisions from the Inflation Reduction Act (IRA) to protect consumer choice and ensure that home energy costs do not put homeownership out of reach for Americans.

The bill would repeal a new program, in sections 50122 and 50123 of the IRA, designed to subsidize the electrify-everything movement. This movement seeks to end the use of gas appliances in the name of climate policy—limiting choices for how people heat and cook.<sup>1</sup> The sections of the IRA for this program provide some \$4.5 billion to states to use taxpayer subsidies and related training to incentivize electrification projects through rebate programs. The rebates subsidize the cost of replacing natural gas stoves with electric cooktops, gas heating with electric heat pumps, water heaters, and other related electrification products.

In a free market, which enables the free play of supply and demand, consumer demand and choices drive down prices of goods and services and drive up the quality of those goods and services—which reflects the genius of America’s marketplace that has provided the abundant cornucopia of goods and services that make our lives better. Inserting taxpayer subsidies into this system deprives the public of the beneficial forces of the free market. It is not appropriate to force taxpayers to put a thumb on the scale for new electrical appliance products, which will only keep prices high, and the incentives for improving quality low.

Under these sections of the IRA, taxpayers will support rebates to people who otherwise can afford more expensive electric appliances. The provisions allow for 50% rebates on electric appliances or electric heat pump installation for household incomes up to \$213,000 in the D.C. area for example, nearly \$250,000 in San Francisco, and similarly high levels of household income in other areas of the nation. These typically are the drivers of demand, to be sure, but the subsidization undermines the free workings of the price system necessary to provide what the American public truly wants.

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<sup>1</sup> The movement is also reflecting in the Biden Administrations’ climate policy objectives to drive electrification in the name of emissions reductions. See, for example, the Administration’s April 2021 submission of the United State’s Nationally Determined Contribution to the United Nations Framework Convention on Climate Change, which outlines programs to support expansion of home electrification and adoption of energy codes for building to reduce building sector emissions.

In any case, taxpayers should not be subsidizing middle class energy appliance choices.

It is also not appropriate for taxpayers to support incentives that really aim to support policy agendas that want to end homeowner use of natural gas. An aggressive push towards electrification ignores the household energy needs of Americans, including the significant number of households that rely on natural gas for heating their homes and cooking.

The U.S. Energy Information Administration ([EIA](#)) reports that in 2020, 61% of U.S. households used natural gas in their homes.<sup>2</sup> Household gas usage tops 80% in a number of states, including New Jersey, California, Illinois, Michigan, Colorado, Utah—a reflection of the economic value of natural gas to people, which provides more cost-effective heating than electrification—at \$12 per million Btu, versus \$42 for electricity, according to the Department of Energy estimates of residential energy costs.<sup>3</sup>

H.R. 1603 is about preserving consumer choice, allowing for the free market to operate in the best interest of the homeowners, and to prevent the drive to restrict clean, energy secure, natural gas. Eliminating these provisions, which have not been implemented, does not affect more acceptable policies to address the efficiency needs of lower income Americans. For example, Congress has authorized weatherization programs for low-income families and tax credit programs for people to upgrade efficiency with materials and more efficient appliances. Those programs already provide some \$17 billion in incentives, according to Congressional Budget Office calculations.

H.R. 1603 also strikes provisions relating to a new program that provides \$900 million to put pressure on states and localities to adopt stringent that are equal or greater than the so-called 2021 International Energy Conservation Code (IECC), or so-called zero energy codes, with little room to meet local needs.

According to data on state energy code adoption managed by the Department of Energy ([DOE](#)), 27 states have code efficiency levels equivalent to the 2009 IECC or older, and 7 states do not have any statewide energy code for residential buildings.

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<sup>2</sup> See [The majority of U.S. households used natural gas in 2020](#), U.S. Energy Information Administration, March 23, 2023

<sup>3</sup> See Federal Register/Vol. 87, No. 44/Monday, March 7, 2022

Adoption of these codes would add, depending on the region, thousands of dollars, sometimes well over 20 thousand dollars to the cost of new homes. The most stringent zero energy codes will cost thousands more on top of this, according to available data from the National Association of Homebuilders (NAHB), which opposes the IRA provisions.

Implementation of codes of this stringency would force builders and developers to give up on natural gas service and deprive families the choice and benefit of fuel options—for heating, cooking, hot water.

Even more, such actions would push homeownership out of the reach of thousands of families. [Testimony before the Energy and Commerce Committee](#)<sup>4</sup> estimated that for each \$1,000 added to median new U.S. home prices, more than 127,000 households would be priced out of the market.

Add to this: the payoff for these co-called “efficiency” standards can range as high as 49 to 90 years, depending on the region of the country, according to analysis for the NAHB. This is not the way to provide for family prosperity.

The Committee finds that H.R. 1603 would repeal this harmful policy and will return decisions to the people and officials who understand their community needs; it will preserve consumer choice, allowing for the free market to operate in the best interest of the homeowners, and to prevent the drive to restrict clean, energy secure, natural gas.

#### COMMITTEE ACTION

On March 23, 2023, the full Committee on Energy and Commerce met in open markup session and ordered H.R. 1603, without amendment, favorably reported to the House by a record vote of 27 yeas and 22 nays.

#### COMMITTEE VOTES

Clause 3(b) of rule XIII requires the Committee to list the record votes on the motion to report legislation and amendments

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<sup>4</sup> See testimony of Arn McIntyre on behalf of the National Association of Home Builders, before the Energy and Commerce Committee hearing, “Building a 100 Percent Clean Economy: Solutions for the U.S. Building Sector,” September 20, 2019.

thereto. The following reflects the record votes taken during the Committee consideration:

**[Attachments—Insert Votes]**

OVERSIGHT FINDINGS AND RECOMMENDATIONS

Pursuant to clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII, the Committee held hearings and made findings that are reflected in this report.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII, the Committee finds that H.R. 1603 would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII, at the time this report was filed, the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974 was not available.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII, the general performance goal or objective of this legislation is to increase American Energy production and restore energy leadership by repealing sections 50122, 50123, and 50131 of P.L. 117-169.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII, no provision of H.R. 1603 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111-139 or the most recent Catalog of Federal Domestic Assistance.

**COMMITTEE ON ENERGY AND COMMERCE  
118TH CONGRESS  
ROLL CALL VOTE # 14**

**BILL:** H.R. 1603, the Homeowner Energy Freedom Act

**AMENDMENT:** A motion by Mrs. Rodgers to order H.R. 1603 favorably reported to the House, without amendment (Final Passage).

**DISPOSITION:** **AGREED TO**, by a roll call vote of 27 yeas and 22 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Rep. Rodgers	X			Rep. Pallone		X	
Rep. Burgess	X			Rep. Eshoo		X	
Rep. Latta	X			Rep. DeGette		X	
Rep. Guthrie	X			Rep. Schakowsky		X	
Rep. Griffith	X			Rep. Matsui		X	
Rep. Bilirakis	X			Rep. Castor		X	
Rep. Johnson	X			Rep. Sarbanes		X	
Rep. Bucshon				Rep. Tonko		X	
Rep. Hudson	X			Rep. Clarke		X	
Rep. Walberg	X			Rep. Cárdenas		X	
Rep. Carter	X			Rep. Ruiz		X	
Rep. Duncan	X			Rep. Peters		X	
Rep. Palmer				Rep. Dingell		X	
Rep. Dunn	X			Rep. Veasey		X	
Rep. Curtis	X			Rep. Kuster		X	
Rep. Lesko	X			Rep. Kelly			
Rep. Pence	X			Rep. Barragán		X	
Rep. Crenshaw	X			Rep. Blunt Rochester		X	
Rep. Joyce	X			Rep. Soto		X	
Rep. Armstrong	X			Rep. Craig		X	
Rep. Weber	X			Rep. Schrier		X	
Rep. Allen	X			Rep. Trahan		X	
Rep. Balderson	X			Rep. Fletcher		X	
Rep. Fulcher	X						
Rep. Pfluger	X						
Rep. Harshbarger	X						
Rep. Miller-Meeks	X						
Rep. Cammack	X						
Rep. Obernolte	X						

## RELATED COMMITTEE AND SUBCOMMITTEE HEARINGS

Pursuant to clause 3(c)(6) of rule XIII,

(1) the following hearing was used to develop or consider H.R. 1603: On January 31, 2023, the Committee on Energy and Commerce held an oversight hearing, entitled: “American Energy Expansion: Strengthening Economic, Environmental, and National Security”. The Committee received testimony from:

- The Honorable Paul Dabbar, Former U.S. Undersecretary of Energy, Department of Energy;
- Donna Jackson, Director of Membership Development, National Center for Public Policy Research, Project 21;
- Robert McNally, President, Rapidan Energy Group; and
- Ana Unruh Cohen, Ph.D., Former Staff Director, U.S House Select Committee on the Climate Crisis.

(2) The following related hearing was held: On February 7, 2023, the Subcommittees on Energy, Climate, and Grid Security and Environment, Manufacturing, and Critical Materials held a joint legislative hearing entitled, “Unleashing American Energy, Lowering Energy Costs, and Strengthening Supply Chains,” on 17 pieces of legislation, including H.R. 1603. The Subcommittees received testimony from:

- The Honorable Mark Menezes, Former United States Deputy Secretary of Energy, Department of Energy;
- The Honorable Bernard McNamee, Former Commissioner, Federal Energy Regulatory Commission;
- Jeffrey Eshelman, II, President and Chief Executive Officer, Independent Petroleum Association of America;
- Katie Sweeney, Executive Vice President and Chief Operating Officer, National Mining Association;
- Raul Garcia, Legislative Director for Healthy Communities, Earthjustice; and
- Tyson Slocum, Director of the Energy Program, Public Citizen.

## COMMITTEE COST ESTIMATE

Pursuant to clause 3(d)(1) of rule XIII, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the

Congressional Budget Act of 1974. At the time this report was filed, the estimate was not available.

#### EARMARK, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

Pursuant to clause 9(e), 9(f), and 9(g) of rule XXI, the Committee finds that H.R. 1603 contains no earmarks, limited tax benefits, or limited tariff benefits.

#### ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

#### APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

#### SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

##### *Section 1. Short title.*

*This section provides the short title of "Homeowner Energy Freedom Act."*

##### *Section 2. Homeowner Energy Freedom*

This section repeals the following sections from the Inflation Reduction Act (P.L. 117-169): sections 50122, 50123, and 50131 and rescinds the unobligated balance of any amounts made available under these sections.

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

With respect to the requirement of clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, this section was not made available to the Committee in time for the filing of this report.

#### MINORITY, ADDITIONAL, OR DISSENTING VIEWS

**[Attachment--Views]**