

103^D CONGRESS
1ST SESSION

H. R. 113

To amend the Internal Revenue Code of 1986 to allow individuals a temporary refundable credit for the purchase of a new domestic passenger vehicle.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. BURTON of Indiana introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow individuals a temporary refundable credit for the purchase of a new domestic passenger vehicle.

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.**

4 This Act may be cited as the “Buy American Motor
5 Vehicles Act of 1993”.

6 **SEC. 2. STATEMENT OF PURPOSE.**

7 It is the purpose of this Act to stimulate economic
8 growth by encouraging the purchase of new domestic pas-
9 senger vehicles through the provision of a temporary tax
10 credit, which a purchaser may assign in exchange for an

1 equal reduction in the purchase price of the vehicle from
2 the amount such price would have been if this Act had
3 not been enacted.

4 **SEC. 3. TEMPORARY REFUNDABLE CREDIT FOR PURCHASE**
5 **OF NEW DOMESTIC PASSENGER VEHICLES.**

6 (a) IN GENERAL.—Subpart C of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 (relating to refundable credits) is amended by redес-
9 ignating section 35 as section 36 and by inserting after
10 section 34 the following new section:

11 **“SEC. 35. PURCHASE OF NEW DOMESTIC PASSENGER VEHI-**
12 **CLE.**

13 “(a) ALLOWANCE OF CREDIT.—

14 “(1) IN GENERAL.—In the case of an individual
15 who purchases a new domestic passenger vehicle,
16 there shall be allowed as a credit against the tax im-
17 posed by this chapter for the taxable year in which
18 the purchase is made an amount equal to the appli-
19 cable percentage of the purchase price of the vehicle.

20 “(2) APPLICABLE PERCENTAGE.—For purposes
21 of paragraph (1), the applicable percentage is—

22 “(A) 15 percent, in the case of a vehicle
23 purchased in calendar year 1993, and

24 “(B) 7.5 percent, in the case of a vehicle pur-
25 chased in calendar year 1994.

1 “(3) LIMITATION.—The credit allowed by para-
2 graph (1) for any taxpayer shall not exceed—

3 “(A) \$2,000, in the case of taxable years
4 ending on or before December 31, 1993, and

5 “(B) \$1,000, in the case of taxable years
6 ending after such date.

7 “(b) ASSIGNMENT OF CREDIT.—Under regulations
8 prescribed by the Secretary—

9 “(1) an individual qualifying for a credit under
10 subsection (a) may, at the time of purchase of the
11 vehicle, assign the right to the credit to the retail
12 dealer from whom the vehicle is purchased in ex-
13 change for a purchase price reduction of equal value,

14 “(2) such retail dealer may assign such right to
15 the manufacturer of the vehicle, and

16 “(3) such manufacturer shall be allowed to use
17 such credit against the tax imposed by this chapter
18 on such manufacturer.

19 “(c) NEW DOMESTIC PASSENGER VEHICLE.—For
20 purposes of this section—

21 “(1) IN GENERAL.—The term ‘new domestic
22 passenger vehicle’ means any domestic vehicle
23 which—

24 “(A) is a passenger vehicle (within the
25 meaning of section 4001(b)), and

1 “(B) is purchased by the taxpayer in the
2 1st retail sale of the vehicle (within the mean-
3 ing of section 4001(a)).

4 “(2) DOMESTIC VEHICLE.—The term ‘domestic
5 vehicle’ means any vehicle if—

6 “(A) the vehicle is produced by a domestic
7 vehicle manufacturer at a manufacturing facil-
8 ity located within the United States or Canada,
9 and

10 “(B) such manufacturer includes on the
11 label required by section 3 of the Automobile
12 Information Disclosure Act (15 U.S.C. 1232)
13 information concerning—

14 “(i) whether the vehicle is a domestic
15 vehicle eligible for the credit allowed by
16 this section, and

17 “(ii) the percentage of the value of all
18 parts used in the production of the vehicle
19 which is attributable to parts produced by
20 domestic parts manufacturers.

21 “(3) DOMESTIC MANUFACTURERS.—

22 “(A) DOMESTIC VEHICLE MANUFAC-
23 TURER.—The term ‘domestic vehicle manufac-
24 turer’ means a manufacturer (whether or not a
25 related source) of motor vehicles which—

1 “(i) has 1 or more motor vehicle man-
2 ufacturing facilities located within the
3 United States which produce motor vehi-
4 cles for interstate sale or export, or both,
5 and

6 (ii) with respect to its production of
7 motor vehicles in the facilities referred to
8 in clause (i) during the most recently com-
9 pleted calendar year, utilized motor vehicle
10 parts produced by domestic manufacturers
11 which constituted 60 percent or more of
12 the total value of all motor vehicle parts
13 used in such production.

14 “(B) DOMESTIC PARTS MANUFACTURER.—
15 The term ‘domestic parts manufacturer’ means
16 a manufacturer of motor vehicle parts which—

17 “(i) has 1 or more motor vehicle parts
18 manufacturing facilities located within the
19 United States or Canada, and

20 “(ii) either—

21 “(I) is not a related source,

22 “(II) is not affiliated with a re-
23 lated source, or

24 “(III) is affiliated with a related
25 source, but with respect to its produc-

1 tion of motor vehicle parts in the fa-
2 cilities referred to in clause (i) during
3 the most recent full calendar year,
4 utilized materials and components
5 produced by, or purchased or other-
6 wise obtained (directly or indirectly)
7 from, related sources to an extent not
8 exceeding 25 percent of the total value
9 of such production.

10 “(4) RELATED SOURCES, OWNERSHIP, AND AF-
11 FILIAION.—

12 “(A) RELATED SOURCE.—The term ‘relat-
13 ed source’ means—

14 “(i) a natural person who is a citizen
15 of Japan, and

16 “(ii) a corporation or other legal en-
17 tity, wherever located, if owned or con-
18 trolled by—

19 “(I) natural persons who are citi-
20 zens of Japan, or

21 “(II) another corporation or
22 other legal entity which is owned or
23 controlled by natural persons who are
24 citizens of Japan, unless such cor-
25 poration or other legal entity would

1 qualify as a domestic parts manufac-
2 turer under paragraph (3)(B).

3 “(B) OWN OR CONTROL.—The term ‘own
4 or control’ means—

5 “(i) in the case of a corporation, the
6 holding of at least 50 percent (by vote or
7 value) of the capital structure of the cor-
8 poration, and

9 “(ii) in the case of any other kind of
10 legal entity, the holding of interests rep-
11 resenting at least 50 percent of the capital
12 structure of the entity.

13 “(C) AFFILIATED.—A domestic parts man-
14 ufacturer shall be considered to be affiliated
15 with a related source if—

16 “(i) in the case of a domestic parts
17 manufacturer which is a corporation, a re-
18 lated source holds at least 2.5 percent but
19 less than 50 percent (by vote or value) of
20 the capital structure of the corporation,
21 and

22 “(ii) in the case of a domestic parts
23 manufacturer which is any other kind of
24 legal entity, a related source holds inter-
25 ests representing at least 2.5 percent, but

1 less than 50 percent, of the capital struc-
2 ture of the entity.

3 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
4 poses of this section—

5 “(1) PURCHASE PRICE.—Purchase price shall
6 be determined under rules similar to the rules of
7 section 4011(d)(1).

8 “(2) VALUE.—The term ‘value’ when applied
9 to—

10 “(A) materials and components used in
11 production of motor vehicles parts, or

12 “(B) motor vehicle parts used in the pro-
13 duction of motor vehicles,

14 refers to the cost of such materials, components, or
15 parts to the manufacturer of such parts or vehicles
16 as determined for purposes of applying this title (in-
17 cluding, in the case of purchases of materials, com-
18 ponents, and parts involving related sources, entities
19 owned or controlled by related sources, or entities
20 affiliated with related sources, determinations based
21 on the application of the transfer price rules).

22 “(3) UNITED STATES.—The term ‘United
23 States’ includes the Commonwealth of Puerto Rico
24 and the possessions of the United States.

1 “(e) REGULATIONS.—Not later than 60 days after
2 the date of the enactment of this section, the Secretary
3 shall prescribe any regulations appropriate to carry out
4 the purposes of this section, including regulations to pre-
5 vent the avoidance of any limitation or requirement of this
6 section.

7 “(f) TERMINATION.—This section shall not apply to
8 any vehicle purchased after December 31, 1994.”

9 (b) CLERICAL AMENDMENT.—The table of sections
10 for such subpart C is amended by striking the item relat-
11 ing to section 35 and inserting the following new items:

“Sec. 35. Purchase of new domestic passenger vehicle.
“Sec. 36. Overpayments of tax.”

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to vehicles purchased after Decem-
14 ber 31, 1992.

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