

104TH CONGRESS  
2D SESSION

# S. 1848

To amend the Internal Revenue Code of 1986 to encourage the production and use of clean-fuel vehicles, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JUNE 6, 1996

Mrs. BOXER (for herself, Mr. INOUE, Mrs. FEINSTEIN, and Mr. KENNEDY) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to encourage the production and use of clean-fuel vehicles, 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; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Clean-Fuel Vehicle Act of 1996”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-  
7 wise expressly provided, whenever in this Act an amend-  
8 ment or repeal is expressed in terms of an amendment  
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-  
 2 sion of the Internal Revenue Code of 1986.

3 **SEC. 2. EXEMPTION OF ELECTRIC AND OTHER CLEAN-FUEL**  
 4 **MOTOR VEHICLES FROM LUXURY AUTO-**  
 5 **MOBILE CLASSIFICATION.**

6 (a) IN GENERAL.—Subsection (a) of section 4001  
 7 (relating to imposition of tax) is amended to read as fol-  
 8 lows:

9 “(a) IMPOSITION OF TAX.—

10 “(1) IN GENERAL.—There is hereby imposed on  
 11 the 1st retail sale of any passenger vehicle a tax  
 12 equal to 10 percent of the price for which so sold to  
 13 the extent such price exceeds the applicable amount.

14 “(2) APPLICABLE AMOUNT.—

15 “(A) IN GENERAL.—Except as provided in  
 16 subparagraphs (B) and (C), the applicable  
 17 amount is \$30,000.

18 “(B) QUALIFIED CLEAN-FUEL VEHICLE  
 19 PROPERTY.—In the case of a passenger vehicle  
 20 which is propelled by a fuel which is not a  
 21 clean-burning fuel to which is installed qualified  
 22 clean-fuel vehicle property (as defined in section  
 23 179A(e)(1)(A)) for purposes of permitting such  
 24 vehicle to be propelled by a clean-burning fuel,  
 25 the applicable amount is equal to the sum of—

1 “(i) \$30,000, plus

2 “(ii) the increase in the price for  
3 which the passenger vehicle was sold (with-  
4 in the meaning of section 4002) due to the  
5 installation of such property.

6 “(C) PURPOSE BUILT PASSENGER VEHI-  
7 CLE.—

8 “(i) IN GENERAL.—In the case of a  
9 purpose built passenger vehicle, the appli-  
10 cable amount is equal to 150 percent of  
11 \$30,000.

12 “(ii) PURPOSE BUILT PASSENGER VE-  
13 HICLE.—For purposes of clause (i), the  
14 term ‘purpose built passenger vehicle’  
15 means a passenger vehicle produced by an  
16 original equipment manufacturer and de-  
17 signed so that the vehicle may be propelled  
18 primarily by electricity.”

19 (b) CONFORMING AMENDMENTS.—

20 (1) Subsection (e) of section 4001 (relating to  
21 inflation adjustment) is amended to read as follows:

22 “(e) INFLATION ADJUSTMENT.—

23 “(1) IN GENERAL.—The \$30,000 amount in  
24 subparagraphs (A), (B)(i), and (C)(i) of subsection  
25 (a)(2) shall be increased by an amount equal to—

1 “(A) \$30,000, multiplied by

2 “(B) the cost-of-living adjustment under  
3 section 1(f)(3) for the calendar year in which  
4 the vehicle is sold, determined by substituting  
5 ‘calendar year 1990’ for ‘calendar year 1992’ in  
6 subparagraph (B) thereof.

7 “(2) ROUNDING.—If any amount as adjusted  
8 under paragraph (1) is not a multiple of \$2,000,  
9 such amount shall be rounded to the next lowest  
10 multiple of \$2,000.”

11 (2) Subparagraph (B) of section 4003(a)(2) is  
12 amended to read as follows:

13 “(B) the appropriate applicable amount as  
14 determined under section 4001(a)(2).”

15 (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to sales and installations occurring  
17 and property placed in service on or after July 1, 1996.

18 **SEC. 3. GOVERNMENTAL USE RESTRICTION MODIFIED FOR**

19 **ELECTRIC VEHICLES.**

20 (a) IN GENERAL.—Paragraph (3) of section 30(d)  
21 (relating to special rules) is amended by inserting “(with-  
22 out regard to paragraph (4)(A)(i) thereof)” after “section  
23 50(b)”.

24 (b) CONFORMING AMENDMENT.—Paragraph (5) of  
25 section 179A(e) (relating to other definitions and special

1 rules) is amended by inserting “(without regard to para-  
 2 graph (4)(A)(i) thereof in the case of a qualified electric  
 3 vehicle described in subclause (I) or (II) of subsection  
 4 (b)(1)(A)(iii) of this section)” after “section 50(b)”.

5 (c) EFFECTIVE DATE.—The amendment made by  
 6 this section shall apply to property placed in service on  
 7 or after the date of the enactment of this Act.

8 **SEC. 4. LARGE ELECTRIC TRUCKS, VANS, AND BUSES ELIGI-**  
 9 **BLE FOR DEDUCTION FOR CLEAN-FUEL VEHI-**  
 10 **CLES.**

11 (a) IN GENERAL.—Paragraph (3) of section 179A(c)  
 12 (defining qualified clean-fuel vehicle property) is amended  
 13 by inserting “, other than any vehicle described in sub-  
 14 clause (I) or (II) of subsection (b)(1)(A)(iii)” after “sec-  
 15 tion 30(c)”.

16 (b) DENIAL OF CREDIT.—Subsection (c) of section  
 17 30 (relating to credit for qualified electric vehicles) is  
 18 amended by adding at the end the following new para-  
 19 graph:

20 “(3) DENIAL OF CREDIT FOR VEHICLES FOR  
 21 WHICH DEDUCTION ALLOWABLE.—The term ‘quali-  
 22 fied electric vehicle’ shall not include any vehicle de-  
 23 scribed in subclause (I) or (II) of section  
 24 179A(b)(1)(A)(iii).”

1 (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to property placed in service on  
 3 or after the date of the enactment of this Act.

4 **SEC. 5. ELECTRIC VEHICLE CREDIT AMOUNT AND APPLICA-**  
 5 **TION AGAINST ALTERNATIVE MINIMUM TAX.**

6 (a) IN GENERAL.—Subsection (a) of section 30 (re-  
 7 lating to credit for qualified electric vehicles) is amended  
 8 by striking “10 percent of”.

9 (b) APPLICATION AGAINST ALTERNATIVE MINIMUM  
 10 TAX.—Section 30(b) (relating to limitations) is amended  
 11 by striking paragraph (3).

12 (c) EFFECTIVE DATE.—The amendments made by  
 13 this section shall apply to taxable years beginning after  
 14 December 31, 1996.

15 **SEC. 6. RATE OF TAX ON LIQUEFIED NATURAL GAS TO BE**  
 16 **EQUIVALENT TO RATE OF TAX ON COM-**  
 17 **PRESSED NATURAL GAS.**

18 (a) IN GENERAL.—Paragraph (3) of section 4041(a)  
 19 (relating to diesel fuel and special motor fuels) is amend-  
 20 ed—

21 (1) by striking subparagraph (A) and inserting  
 22 the following new subparagraph:

23 “(A) IMPOSITION OF TAX.—

1           “(i) IN GENERAL.—There is hereby  
2           imposed a tax on compressed or liquefied  
3           natural gas—

4                   “(I) sold by any person to an  
5                   owner, lessee, or other operator of a  
6                   motor vehicle or motorboat for use as  
7                   a fuel in such motor vehicle or motor-  
8                   boat, or

9                   “(II) used by any person as a  
10                  fuel in a motor vehicle or motorboat  
11                  unless there was a taxable sale of  
12                  such gas under subclause (I).

13           “(ii) RATE OF TAX.—The rate of tax  
14           imposed by this paragraph shall be—

15                   “(I) in the case of compressed  
16                   natural gas, 48.54 cents per MCF  
17                   (determined at standard temperature  
18                   and pressure), and

19                   “(II) in the case of liquefied nat-  
20                   ural gas, 4.3 cents per gallon.”, and

21                   (2) by inserting “OR LIQUEFIED” after “COM-  
22                   PRESSED” in the heading.

23           (b) CONFORMING AMENDMENTS.—

24                   (1) Paragraph (2) of section 4041(a)(2) is  
25                   amended by striking “other than a Kerosene” and

1 inserting “other than liquefied natural gas,  
2 kerosene”.

3 (2) The heading for section 9503(f)(2)(D) is  
4 amended by inserting “OR LIQUEFIED” after “COM-  
5 PRESSED”.

6 (c) EFFECTIVE DATE.—The amendments made by  
7 this section shall take effect on the date of the enactment  
8 of this Act.

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