

106TH CONGRESS
1ST SESSION

H. R. 2252

To amend the Internal Revenue Code of 1986 to provide increased tax incentives for the purchase of alternative fuel and electric vehicles, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 1999

Mr. CAMP (for himself, Mr. LEVIN, Mr. RAMSTAD, Mr. MATSUI, Ms. DUNN, Mr. LEWIS of Kentucky, Mr. BOEHLERT, Mr. CANNON, Mr. COOK, Mrs. NORTHUP, Mr. BILBRAY, Mr. MARKEY, Mr. BECERRA, and Mr. MCINNIS) 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 provide increased tax incentives for the purchase of alternative fuel and electric 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.**

4 This Act may be cited as the “Alternative Fuels Pro-
5 motion Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1)(A) Since 1994, the United States has im-
2 ported over half its oil.

3 (B) Without efforts to mitigate this dependence
4 on foreign oil, the percentage of oil imported is ex-
5 pected to grow to all-time highs.

6 (C) This reliance on foreign oil presents a na-
7 tional security risk, which Congress should address
8 through policy changes designed to increase the use
9 of domestically-available alternative transportation
10 fuels.

11 (2)(A) The importing of a majority of the oil
12 used in the United States contributes negatively to
13 the balance of trade of the United States.

14 (B) Assuring the Nation's economic security de-
15 mands the development and promotion of domesti-
16 cally-available alternative transportation fuels.

17 (3)(A) The reliance on oil as a transportation
18 fuel has numerous negative environmental con-
19 sequences, including increasing air pollution and
20 greenhouse gas emissions.

21 (B) Developing alternative transportation fuels
22 will help address these environmental impacts by re-
23 ducing emissions.

24 (4) In order to encourage installation of alter-
25 native fueling infrastructure, and make alternative

1 fuels economically favorable to the producer, dis-
2 tributor, marketer, and consumer, tax credits pro-
3 vided at the point of distribution into an alternative
4 fuel vehicle are necessary.

5 (5)(A) In the short-term, United States alter-
6 native fuel policy must be made fuel neutral.

7 (B) Fuel neutrality will foster private innova-
8 tion and commercialization using the most techno-
9 logically feasible and economic fuels available.

10 (C) This will allow market forces to decide the
11 alternative fuel winners and losers.

12 (6)(A) Tax credits which have been in place
13 have led to increases in the quantity and quality of
14 alternative fuel technology available today.

15 (B) Extending these credits is an efficient
16 means of promoting alternative fuel vehicles and al-
17 ternative fueling infrastructures.

18 (7)(A) The Federal fleet is one of the best cus-
19 tomers for alternative fuel vehicles due to its com-
20 bination of large purchasing power, tight record
21 keeping, geographic diversity, and high fuel usage.

22 (B) For these reasons, the National Energy
23 Policy Act of 1991 required Federal fleets to pur-
24 chase certain numbers of alternatively-fueled vehi-
25 cles.

1 (C) In most cases, these requirements have not
2 been met.

3 (D) Efforts must be made to ensure that all
4 Federal agencies comply with Federal fleet purchase
5 requirement laws and executive orders.

6 **SEC. 3. CREDIT FOR QUALIFIED ELECTRIC VEHICLES.**

7 (a) INCREASED CREDIT FOR VEHICLES WHICH
8 MEET CERTAIN RANGE REQUIREMENTS.—

9 (1) IN GENERAL.—Section 30(a) of the Internal
10 Revenue Code of 1986 (relating to allowance of
11 credit) is amended to read as follows:

12 “(a) ALLOWANCE OF CREDIT.—

13 “(1) IN GENERAL.—There shall be allowed as a
14 credit against the tax imposed by this chapter for
15 the taxable year an amount equal to the sum of—

16 “(A) 10 percent of the cost of any quali-
17 fied electric vehicle placed in service by the tax-
18 payer during the taxable year, plus

19 “(B) in the case of any such vehicle also
20 meeting the requirement described in paragraph
21 (2), \$5,000.

22 “(2) RANGE REQUIREMENT.—The requirement
23 described in this paragraph is a driving range of at
24 least 100 miles—

1 “(A) on a single charge of the vehicle’s re-
2 chargeable batteries, fuel cells, or other portable
3 source of electrical current, and

4 “(B) measured pursuant to the urban dy-
5 namometer schedules under appendix I to part
6 86 of title 40, Code of Federal Regulations.”.

7 (2) CONFORMING AMENDMENT.—Section
8 30(b)(1) of the Internal Revenue Code of 1986 is
9 amended by striking “subsection (a)” and inserting
10 “subsection (a)(1)(A)”.

11 (b) CREDIT EXTENDED THROUGH 2010.—

12 (1) IN GENERAL.—Section 30(e) of the Internal
13 Revenue Code of 1986 (relating to termination) is
14 amended by striking “2004” and inserting “2010”.

15 (2) CONFORMING AMENDMENTS.—Section
16 30(b)(2) of such Code (relating to phaseout) is
17 amended—

18 (A) by striking “2002” in subparagraph
19 (A) and inserting “2008”,

20 (B) by striking “2003” in subparagraph
21 (B) and inserting “2009”, and

22 (C) by striking “2004” in subparagraph
23 (C) and inserting “2010”.

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

4 **SEC. 4. ADDITIONAL DEDUCTION FOR COST OF INSTALLA-**
5 **TION OF ALTERNATIVE FUELING STATIONS.**

6 (a) IN GENERAL.—Subparagraph (A) of section
7 179A(b)(2) of the Internal Revenue Code of 1986 (relat-
8 ing to qualified clean-fuel vehicle refueling property) is
9 amended to read as follows:

10 “(A) IN GENERAL.—The aggregate cost
11 which may be taken into account under sub-
12 section (a)(1)(B) with respect to qualified
13 clean-fuel vehicle refueling property placed in
14 service during the taxable year at a location
15 shall not exceed the sum of—

16 “(i) with respect to costs not de-
17 scribed in clause (ii), the excess (if any)
18 of—

19 “(I) \$100,000, over

20 “(II) the aggregate amount of
21 such costs taken into account under
22 subsection (a)(1)(B) by the taxpayer
23 (or any related person or predecessor)
24 with respect to property placed in

1 service at such location for all pre-
2 ceding taxable years, plus

3 “(ii) the lesser of—

4 “(I) the cost of the installation of
5 such property, or

6 “(II) \$30,000.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to property placed in service after
9 the date of enactment of this Act.

10 **SEC. 5. CREDIT FOR RETAIL SALE OF CLEAN BURNING**
11 **FUELS AS MOTOR VEHICLE FUEL.**

12 (a) IN GENERAL.—Subpart D of part IV of sub-
13 chapter A of chapter 1 of the Internal Revenue Code of
14 1986 (relating to business related credits) is amended by
15 inserting after section 40 the following:

16 **“SEC. 40A. CREDIT FOR RETAIL SALE OF CLEAN BURNING**
17 **FUELS AS MOTOR VEHICLE FUEL.**

18 “(a) GENERAL RULE.—For purposes of section 38,
19 the clean burning fuel retail sales credit of any taxpayer
20 for any taxable year is 50 cents for each gasoline gallon
21 equivalent of clean burning fuel sold at retail by the tax-
22 payer during such year as a fuel to propel any qualified
23 motor vehicle.

24 “(b) DEFINITIONS.—For purposes of this section—

1 “(1) CLEAN BURNING FUEL.—The term ‘clean
2 burning fuel’ means natural gas, compressed natural
3 gas, liquefied natural gas, liquefied petroleum gas,
4 hydrogen, and any liquid at least 85 percent of
5 which consists of methanol.

6 “(2) GASOLINE GALLON EQUIVALENT.—The
7 term ‘gasoline gallon equivalent’ means, with respect
8 to any clean burning fuel, the amount (determined
9 by the Secretary) of such fuel having a Btu content
10 of 114,000.

11 “(3) QUALIFIED MOTOR VEHICLE.—The term
12 ‘qualified motor vehicle’ means any motor vehicle (as
13 defined in section 179A(e)) which meets any applica-
14 ble Federal or State emissions standards with re-
15 spect to each fuel by which such vehicle is designed
16 to be propelled.

17 “(4) SOLD AT RETAIL.—

18 “(A) IN GENERAL.—The term ‘sold at re-
19 tail’ means the sale, for a purpose other than
20 resale, after manufacture, production, or impor-
21 tation.

22 “(B) USE TREATED AS SALE.—If any per-
23 son uses clean burning fuel as a fuel to propel
24 any qualified motor vehicle (including any use
25 after importation) before such fuel is sold at re-

1 tail, then such use shall be treated in the same
2 manner as if such fuel were sold at retail as a
3 fuel to propel such a vehicle by such person.

4 “(c) NO DOUBLE BENEFIT.—The amount of the
5 credit determined under subsection (a) shall be reduced
6 by the amount of any deduction or credit allowable under
7 this chapter for fuel taken into account in computing the
8 amount of such credit.

9 “(d) TERMINATION.—This section shall not apply to
10 any fuel sold at retail after December 31, 2007.”.

11 (b) CREDIT TREATED AS BUSINESS CREDIT.—Sec-
12 tion 38(b) of the Internal Revenue Code of 1986 (relating
13 to current year business credit) is amended by striking
14 “plus” at the end of paragraph (11), by striking the period
15 at the end of paragraph (12) and inserting “, plus”, and
16 by adding at the end the following:

17 “(13) the clean burning fuel retail sales credit
18 determined under section 40A(a).”.

19 (c) TRANSITIONAL RULE.—Section 39(d) of the In-
20 ternal Revenue Code of 1986 (relating to transitional
21 rules) is amended by adding at the end the following:

22 “(9) NO CARRYBACK OF SECTION 40A CREDIT
23 BEFORE EFFECTIVE DATE.—No portion of the un-
24 used business credit for any taxable year which is
25 attributable to the clean burning fuel retail sales

1 credit determined under section 40A(a) may be car-
2 ried back to a taxable year ending before January
3 1, 1999.”.

4 (d) CLERICAL AMENDMENT.—The table of sections
5 for subpart D of part IV of subchapter A of chapter 1
6 of the Internal Revenue Code of 1986 is amended by in-
7 serting after the item relating to section 40 the following:

“Sec. 40A. Credit for retail sale of clean burning fuels as motor vehicle
fuel.”.

8 (e) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to fuel sold at retail after Decem-
10 ber 31, 1999, in taxable years ending after such date.

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