

106TH CONGRESS
1ST SESSION

H. R. 260

To amend the Internal Revenue Code of 1986 to provide additional incentives for the use of clean-fuel vehicles by enterprise zone businesses within empowerment zones and enterprise communities.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1999

Mr. SERRANO 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 additional incentives for the use of clean-fuel vehicles by enterprise zone businesses within empowerment zones and enterprise communities.

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. CLEAN-FUEL VEHICLES USED BY ENTERPRISE**
4 **ZONE BUSINESSES.**

5 (a) IN GENERAL.—Part III of subchapter U of chap-
6 ter 1 of the Internal Revenue Code of 1986 (relating to
7 additional incentives for empowerment zones) is amended
8 by redesignating subpart C as subpart D, by redesignating

1 sections 1397B and 1397C as sections 1397C and 1397D,
 2 respectively, and by inserting after subpart B the following
 3 new subpart:

4 **“Subpart C—Incentives for Clean-**
 5 **Fuel Vehicles**

“Sec. 1397B. Incentives for clean-fuel vehicles.

6 **“SEC. 1397B. INCENTIVES FOR CLEAN-FUEL VEHICLES.**

7 “(a) **ZONE CLEAN FUELS CREDIT.**—For purposes of
 8 section 38, the amount of the zone clean fuels credit deter-
 9 mined under this section for the taxable year is the sum
 10 of—

11 “(1) the zone clean-fuel property credit, and

12 “(2) the zone clean-burning fuel use credit.

13 “(b) **ZONE CLEAN-FUEL PROPERTY CREDIT.**—

14 “(1) **IN GENERAL.**—The zone clean-fuel prop-
 15 erty credit is the cost of—

16 “(A) qualified clean-fuel vehicle property,

17 plus

18 “(B) qualified clean-fuel vehicle refueling
 19 property,

20 paid or incurred for the taxable year by an eligible
 21 enterprise zone business.

22 “(2) **LIMITATIONS.**—

23 “(A) **QUALIFIED CLEAN-FUEL VEHICLE**

24 **PROPERTY.**—The cost which may be taken into

1 account under paragraph (1)(A) with respect to
2 any motor vehicle shall not exceed—

3 “(i) \$2,000 in the case of a motor ve-
4 hicle not described in clause (ii) or (iii),

5 “(ii) \$5,000 in the case of any truck
6 or van with a gross vehicle weight rating
7 greater than 10,000 pounds but not great-
8 er than 26,000 pounds, or

9 “(iii) \$50,000 in the case of—

10 “(I) a truck or van with a gross
11 vehicle weight rating greater than
12 26,000 pounds, or

13 “(II) any bus which has a seating
14 capacity of at least 20 adults (not in-
15 cluding the driver).

16 “(B) QUALIFIED CLEAN-FUEL VEHICLE
17 REFUELING PROPERTY.—

18 “(i) IN GENERAL.—The aggregate
19 cost which may be taken into account
20 under paragraph (1)(B) with respect to
21 qualified clean-fuel vehicle refueling prop-
22 erty placed in service during the taxable
23 year at a location shall not exceed the less-
24 er of—

25 “(I) \$100,000, or

1 “(II) the cost of such property
2 reduced by the amount described in
3 clause (ii).

4 “(ii) REDUCTION FOR AMOUNTS PRE-
5 VIOUSLY TAKEN INTO ACCOUNT.—For pur-
6 poses of clause (i)(II), the amount de-
7 scribed in this clause is the sum of—

8 “(I) the aggregate amount taken
9 into account under paragraph (1)(B)
10 for all preceding taxable years, and

11 “(II) the aggregate amount taken
12 into account under section
13 179A(a)(1)(B) by the taxpayer (or
14 any related person or predecessor)
15 with respect to property placed in
16 service at such location for all preced-
17 ing taxable years.

18 “(iii) SPECIAL RULES.—For purposes
19 of this subparagraph, the provisions of
20 subparagraphs (B) and (C) of section
21 179A(b)(2) shall apply.

22 “(c) ZONE CLEAN-BURNING FUEL USE CREDIT.—
23 The zone clean-burning fuel use credit is the amount equal
24 to 50 cents for each gasoline gallon equivalent of clean-
25 burning fuel used by an eligible enterprise zone business

1 during the taxable year to propel qualified clean-fuel vehi-
2 cle property.

3 “(d) DEFINITIONS.—For purposes of this section—

4 “(1) ELIGIBLE ENTERPRISE ZONE BUSINESS.—

5 The term ‘eligible enterprise zone business’ means—

6 “(A) an enterprise zone business (as de-
7 fined in section 1397C) located within an area
8 that is an empowerment zone or enterprise
9 community and that is within a nonattainment
10 area (within the meaning of section 171 of the
11 Clean Air Act (42 U.S.C. 7501)), and

12 “(B) a trade or business located outside of
13 an empowerment zone or enterprise community,
14 but only with respect to qualified clean-fuel ve-
15 hicle property used substantially within an area
16 that is an empowerment zone or enterprise
17 community and that is within a nonattainment
18 area (within the meaning of section 171 of the
19 Clean Air Act (42 U.S.C. 7501)).

20 For purposes of this paragraph, section 1379C shall
21 be applied by substituting ‘empowerment zone or en-
22 terprise community’ for ‘empowerment zone’ each
23 place it appears.

24 “(2) CLEAN-BURNING FUEL.—The term ‘clean-
25 burning fuel’ has the meaning given to such term by

1 section 179A, except that such term includes com-
2 pressed natural gas.

3 “(3) QUALIFIED CLEAN-FUEL VEHICLE PROP-
4 erty.—The term ‘qualified clean-fuel vehicle prop-
5 erty’ has the meaning given to such term by section
6 179A(c) without regard to paragraph (3) thereof,
7 except that such term does not include property that
8 is a motor vehicle propelled by a fuel that is not a
9 clean-burning fuel.

10 “(4) QUALIFIED CLEAN-FUEL VEHICLE RE-
11 FUELING PROPERTY.—The term ‘qualified clean-fuel
12 vehicle refueling property’ has the meaning given to
13 such term by section 179A(d).

14 “(5) GASOLINE GALLON EQUIVALENT.—The
15 term ‘gasoline gallon equivalent’ means, with respect
16 to any clean burning fuel, the amount (determined
17 by the Secretary) of such fuel having a Btu content
18 of 114,000.

19 “(e) DENIAL OF DOUBLE BENEFIT.—No credit shall
20 be allowed under subsection (a) for any expense for which
21 a deduction or credit is allowed under any other provision
22 of this chapter.”.

23 (b) CREDIT MADE PART OF GENERAL BUSINESS
24 CREDIT.—Subsection (b) of section 38 of such Code (re-
25 lating to current year business credit) is amended by strik-

1 ing “plus” at the end of paragraph (11), by striking the
2 period at the end of paragraph (12) and inserting “, plus”,
3 and by adding at the end thereof the following new para-
4 graph:

5 “(13) the zone clean fuels credit determined
6 under section 1397B.”.

7 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C of
8 such Code (relating to certain expenses for which credits
9 are allowable) is amended by adding at the end thereof
10 the following new subsection:

11 “(d) ZONE CLEAN FUELS EXPENSES.—No deduction
12 shall be allowed for that portion of expenses for clean-
13 burning fuel otherwise allowable as a deduction for the
14 taxable year which is equal to the amount of the credit
15 determined for such taxable year under section 1397B.”.

16 (d) CREDIT ALLOWED AGAINST REGULAR AND MINI-
17 MUM TAX.—

18 (1) IN GENERAL.—Subsection (c) of section 38
19 of such Code (relating to limitation based on amount
20 of tax) is amended by redesignating paragraph (3)
21 as paragraph (4) and by inserting after paragraph
22 (2) the following new paragraph:

23 “(3) SPECIAL RULES FOR ZONE CLEAN FUELS
24 CREDIT.—

1 “(A) IN GENERAL.—In the case of the
2 zone clean fuels credit—

3 “(i) this section and section 39 shall
4 be applied separately with respect to the
5 credit, and

6 “(ii) in applying paragraph (1) to the
7 credit—

8 “(I) subparagraph (A) thereof
9 shall not apply, and

10 “(II) the limitation under para-
11 graph (1) (as modified by subclause
12 (I)) shall be reduced by the credit al-
13 lowed under subsection (a) for the
14 taxable year (other than the zone
15 clean fuels credit).

16 “(B) ZONE CLEAN FUELS CREDIT.—For
17 purposes of this subsection, the term ‘zone
18 clean fuels credit’ means the credit allowable
19 under subsection (a) by reason of section
20 1379B.”.

21 (2) CONFORMING AMENDMENT.—Subclause (II)
22 of section 38(c)(2)(A)(ii) of such Code is amended
23 by inserting “or the zone clean fuels credit” after
24 “employment credit”.

1 (e) LIMITATION ON CARRYBACK.—Subsection (d) of
2 section 39 of such Code is amended by adding at the end
3 the following new paragraph:

4 “(9) NO CARRYBACK OF ZONE CLEAN FUELS
5 CREDIT BEFORE EFFECTIVE DATE.—No portion of
6 the unused business credit for any taxable year
7 which is attributable to the credit determined under
8 section 1397B may be carried back to any taxable
9 year ending before the date of the enactment of sec-
10 tion 1397B.”.

11 (f) DEDUCTION FOR CERTAIN UNUSED BUSINESS
12 CREDITS.—Subsection (c) of section 196 of such Code is
13 amended by striking “and” at the end of paragraph (7),
14 by striking the period at the end of paragraph (8) and
15 inserting “, and”, and by adding after paragraph (8) the
16 following new paragraph:

17 “(9) the empowerment zone clean fuels credit
18 determined under section 1397B.”.

19 (g) CONFORMING AMENDMENTS.—

20 (1) Paragraph (3) of section 1394(b) of such
21 Code is amended by striking “section 1397B” each
22 place it appears and inserting “section 1397C”.

23 (2) Paragraph (3) of section 1394(f) of such
24 Code is amended by striking “sections 1397B and
25 1397C” and inserting “sections 1397C and 1397D”.

1 (3) Subsection (e) of section 1400 of such Code
2 is amended by striking “section 1397B” and insert-
3 ing “section 1397C”.

4 (4) Subsection (c) of section 1400B of such
5 Code is amended by striking “section 1397B” both
6 places it appears and inserting “section 1397C”.

7 (h) CLERICAL AMENDMENTS.—

8 (1) The table of subparts for part III of sub-
9 chapter U of chapter 1 of such Code is amended by
10 striking the last item and inserting the following:

“SUBPART C. Incentives for clean-fuel vehicles.
“SUBPART D. General provisions.”.

11 (2) The table of sections for subpart D, as
12 redesignated by subsection (a), is amended to read
13 as follows:

“Sec. 1397C. Enterprise zone business defined.
“Sec. 1397D. Qualified zone property defined.”.

14 (i) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to costs paid or incurred after
16 December 31, 1998.

○