

106TH CONGRESS
2D SESSION

S. 2685

To amend the Internal Revenue Code of 1986 to provide incentives for the production, sale, and use of highly fuel-efficient, advanced-technology motor vehicles and to amend the Energy Policy Act of 1992 to undertake an assessment of the relative effectiveness of current and potential methods to further encourage the development of the most fuel efficient vehicles for use in interstate commerce in the United States.

IN THE SENATE OF THE UNITED STATES

JUNE 7 (legislative day, JUNE 6), 2000

Mr. LEVIN (for himself, Mr. ASHCROFT, and Mr. ABRAHAM) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide incentives for the production, sale, and use of highly fuel-efficient, advanced-technology motor vehicles and to amend the Energy Policy Act of 1992 to undertake an assessment of the relative effectiveness of current and potential methods to further encourage the development of the most fuel efficient vehicles for use in interstate commerce in the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Advanced Technology
3 Motor Vehicle Fuel Economy Act of 2000”.

4 **TITLE I—AMENDMENTS TO THE**
5 **INTERNAL REVENUE CODE**
6 **OF 1986**

7 **SEC. 101. CREDIT FOR CERTAIN ENERGY EFFICIENT**
8 **MOTOR VEHICLES.**

9 (a) **IN GENERAL.**—Subpart B of part IV of sub-
10 chapter A of chapter 1 of the Internal Revenue Code of
11 1986 is amended by adding at the end the following new
12 section:

13 **“SEC. 30B. CREDIT FOR HYBRID VEHICLES.**

14 “(a) **ALLOWANCE OF CREDIT.**—There shall be al-
15 lowed as a credit against the tax imposed by this chapter
16 for the taxable year an amount equal to the sum of the
17 credit amounts for each qualified hybrid vehicle placed in
18 service during the taxable year.

19 “(b) **CREDIT AMOUNT.**—For purposes of this
20 section—

21 “(1) **IN GENERAL.**—The credit amount for each
22 qualified hybrid vehicle with a rechargeable energy
23 storage system that provides the applicable percent-
24 age of the maximum available power shall be the
25 amount specified in the following table:

“Applicable percentage	Credit amount
Greater than or equal to 5 percent but less than 10 percent	\$500
Greater than or equal to 10 percent but less than 20 percent—	\$1,000
Greater than or equal to 20 percent but less than 30 percent—	\$1,500
Greater than or equal to 30 percent	\$2,000.

1 “(2) INCREASE IN CREDIT AMOUNT FOR RE-
2 GENERATIVE BRAKING SYSTEM.—In the case of a
3 qualified hybrid vehicle that actively employs a re-
4 generative braking system which supplies to the re-
5 chargeable energy storage system the applicable per-
6 centage of the energy available from braking in a
7 typical 60 miles per hour to 0 miles per hour brak-
8 ing event, the credit amount determined under this
9 section shall be increased by the amount specified in
10 the following table:

“Applicable percentage	Credit amount
Greater than or equal to 20 percent but less than 40 percent	\$250
Greater than or equal to 40 percent but less than 60 percent	\$500
Greater than or equal to 60 percent	\$1,000.

11 “(c) DEFINITIONS.—For purposes of this section—

12 “(1) QUALIFIED HYBRID VEHICLE.—The term
13 ‘qualified hybrid vehicle’ means an automobile that
14 meets all applicable regulatory requirements and
15 that can draw propulsion energy from both of the
16 following onboard sources of stored energy:

17 “(A) A consumable fuel.

18 “(B) A rechargeable energy storage sys-
19 tem.

20 “(2) MAXIMUM AVAILABLE POWER.—The term
21 ‘maximum available power’ means the maximum

1 value of the sum of the heat engine and electric
2 drive system power or other nonheat energy conver-
3 sion devices available for a driver's command for
4 maximum acceleration at vehicle speeds under 75
5 miles per hour.

6 “(3) AUTOMOBILE.—The term ‘automobile’ has
7 the meaning given such term by section 4064(b)(1)
8 (without regard to subparagraphs (B) and (C) there-
9 of). A vehicle shall not fail to be treated as an auto-
10 mobile solely by reason of weight if such vehicle is
11 rated at 8,500 pounds gross vehicle weight rating or
12 less.

13 “(d) APPLICATION WITH OTHER CREDITS.—The
14 credit allowed by subsection (a) for any taxable year shall
15 not exceed the excess (if any) of—

16 “(1) the regular tax for the taxable year re-
17 duced by the sum of the credits allowable under sub-
18 part A and the preceding sections of this subpart,
19 over

20 “(2) the tentative minimum tax for the taxable
21 year.

22 “(e) SPECIAL RULES.—

23 “(1) BASIS REDUCTION.—The basis of any
24 property for which a credit is allowable under sub-

1 section (a) shall be reduced by the amount of such
2 credit (determined without regard to subsection (d)).

3 “(2) RECAPTURE.—The Secretary shall, by reg-
4 ulations, provide for recapturing the benefit of any
5 credit allowable under subsection (a) with respect to
6 any property which ceases to be property eligible for
7 such credit.

8 “(3) PROPERTY USED OUTSIDE UNITED
9 STATES, ETC., NOT QUALIFIED.—No credit shall be
10 allowed under this section with respect to—

11 “(A) any property for which a credit is al-
12 lowed under section 30,

13 “(B) any property referred to in section
14 50(b), or

15 “(C) any property taken into account
16 under section 179 or 179A.

17 “(4) ELECTION TO NOT TAKE CREDIT.—No
18 credit shall be allowed under subsection (a) for any
19 vehicle if the taxpayer elects to not have this section
20 apply to such vehicle.

21 “(f) REGULATIONS.—

22 “(1) TREASURY.—The Secretary shall prescribe
23 such regulations as may be necessary or appropriate
24 to carry out the purposes of this section.

1 “(2) ENVIRONMENTAL PROTECTION AGENCY.—

2 The Administrator of the Environmental Protection
3 Agency, in coordination with the Secretary of Trans-
4 portation and consistent with the laws administered
5 by such agency for automobiles, shall timely pre-
6 scribe such regulations as may be necessary or ap-
7 propriate solely for the purpose of specifying the
8 testing and calculation procedures to determine
9 whether a vehicle meets the qualifications for a cred-
10 it under this section.

11 “(g) APPLICATION OF SECTION.—This section shall
12 apply to any qualified hybrid vehicles placed in service
13 after December 31, 1999, and before January 1, 2009.”

14 (b) CONFORMING AMENDMENTS.—

15 (1) Subsection (a) of section 1016 of such Code
16 is amended by striking “and” at the end of para-
17 graph (26), by striking the period at the end of
18 paragraph (27) and inserting “, and”, and by add-
19 ing at the end the following new paragraph:

20 “(28) to the extent provided in section
21 30B(e)(1).”

22 (2) The table of sections for subpart B of part
23 IV of subchapter A of chapter 1 of such Code is
24 amended by adding at the end the following new
25 item:

 “Sec. 30B. Credit for hybrid vehicles.”

1 **SEC. 102. EXTENSION OF CREDIT FOR CERTAIN QUALIFIED**
 2 **ELECTRIC VEHICLES.**

3 (a) EXTENSION OF CREDIT FOR QUALIFIED ELEC-
 4 TRIC VEHICLES.—Subsection (e) of section 30 of the In-
 5 ternal Revenue Code of 1986 (relating to termination) is
 6 amended by striking “December 31, 2004” and inserting
 7 “December 31, 2008”.

8 (b) REPEAL OF PHASEOUT.—Subsection (b) of sec-
 9 tion 30 of such Code (relating to limitations) is amended
 10 by striking paragraph (2) and by redesignating paragraph
 11 (3) as paragraph (2).

12 **SEC. 103. EFFECTIVE DATE.**

13 The amendments made by this title shall apply to ve-
 14 hicles placed in service after the date of the enactment
 15 of this Act.

16 **TITLE II—AMENDMENTS TO THE**
 17 **ENERGY POLICY ACT OF 1992**

18 **SEC. 201. STUDY OF CURRENT AND FUTURE ENERGY CON-**
 19 **SERVATION REGARDING MOTOR VEHICLE**
 20 **AND RELATED TRANSPORTATION IN INTER-**
 21 **STATE COMMERCE IN THE UNITED STATES.**

22 (a) IN GENERAL.—Subtitle G of title I of the Energy
 23 Policy Act of 1992 (42 U.S.C. 13451 note) is amended
 24 by adding the following new sections:

1 **“SEC. 174. TRANSPORTATION ENERGY CONSERVATION**
2 **STUDY.**

3 “(a) STUDY AGREEMENT.—The Secretary of Trans-
4 portation (with the participation of the Secretary of En-
5 ergy) shall, within 90 days after the date of enactment
6 of this section, enter into an agreement with the National
7 Academy of Sciences to conduct a comprehensive study of
8 voluntary, mandatory, and other means and measures
9 used by private and public sectors for the purposes of con-
10 serving energy in transportation of people and goods in
11 interstate commerce in the United States, and for the pro-
12 vision of services by motor vehicles and other modes of
13 transportation, and identify and examine potential vol-
14 untary, mandatory, and other approaches to such con-
15 servation. Such study shall also examine the use, accept-
16 ance, effectiveness, costs, impact on mobility, and other
17 relevant factors concerning such current and potential
18 means and measures for energy conservation and shall
19 consider the ubiquitous nature of such transportation and
20 its importance in the economy. The study shall also take
21 into consideration such factors as current and future en-
22 ergy supplies available to the United States, the avail-
23 ability in the United States of adequate, reliable, conven-
24 ient, consumer-friendly transportation locally, regionally,
25 and nationally, the geographic size and population of the
26 United States, and the availability and impact of tech-

1 nologies and fuels that affect energy conservation. The
2 study shall also compare existing and planned energy con-
3 servation approaches in other economically developed
4 countries and integrated economic regions, taking into
5 consideration similar factors.

6 “(b) REQUIREMENTS.—The study shall be comprised
7 of the following aspects:

8 “(1) An overview of the United States energy
9 supply situation, including an assessment of current
10 and projected fuel supplies.

11 “(2) The impact of current and projected fuel
12 supplies on national security and trade.

13 “(3) An assessment of energy use by the trans-
14 portation and several other sectors of the economy.

15 “(4) An assessment of the relative effectiveness
16 of past and current motor vehicle energy conserva-
17 tion programs for motor vehicles and other modes of
18 transportation, policies, and proposals in the United
19 States, including consideration of, among others—

20 “(A) regulatory requirements, direct and
21 indirect;

22 “(B) corporate average fuel economy man-
23 date;

24 “(C) dispersal of authority over the provi-
25 sion and regulation of transportation;

- 1 “(D) gas guzzler tax;
- 2 “(E) alternative fuel vehicles and the avail-
- 3 ability of alternative fuels;
- 4 “(F) tax credits for electric vehicles;
- 5 “(G) fiscal measures, including taxation,
- 6 incentives and subsidies;
- 7 “(H) higher fuel taxes;
- 8 “(I) fuel economy labeling and reporting;
- 9 “(J) integration of transportation and land
- 10 use planning;
- 11 “(K) speed limits;
- 12 “(L) carpooling requirements;
- 13 “(M) high occupancy vehicle (HOV) re-
- 14 strictions;
- 15 “(N) altering driving behavior;
- 16 “(O) incentives for mass transit;
- 17 “(P) development, use, and adequacy of
- 18 modeling for energy efficiency of motor vehicle
- 19 and other transportation modes;
- 20 “(Q) congestion mitigation measures; and
- 21 “(R) strategic and other measures and in-
- 22 centives, including communications and out-
- 23 reach strategies.
- 24 “(5) An assessment of the effectiveness of
- 25 motor vehicle transportation energy conservation ef-

1 forts in economically developed countries and inte-
2 grated economic regions other than the United
3 States, including consideration of, among others—

4 “(A) regulatory measures and mandates;

5 “(B) fiscal measures;

6 “(C) higher fuel taxes;

7 “(D) vehicle taxation by engine size;

8 “(E) tolls;

9 “(F) alternative fuel vehicles and the avail-
10 ability of alternative fuels;

11 “(G) voluntary commitments in lieu of
12 mandates;

13 “(H) gas rationing and mobility restric-
14 tions (e.g., no-drive days);

15 “(I) monitoring; and

16 “(J) other fuel economy programs.

17 “(6)(A) The identification of potential future
18 approaches to motor vehicle and other transpor-
19 tation energy conservation efforts in the United
20 States, including consideration of, among others—

21 “(i) voluntary approaches by industry
22 versus regulatory mandates;

23 “(ii) use of incentives to encourage market
24 penetration;

1 “(iii) cooperative government/industry ar-
2 rangements such as Smart Growth, Clean Cit-
3 ies, Energy Star, Partnership for a New Gen-
4 eration of Vehicles, European Automobile Coop-
5 erative Research program, and Japanese Coop-
6 erative Automobile Research program;

7 “(iv) efforts to encourage and accelerate
8 lean burn, clean diesel hybrids, fuel cells and
9 other advanced technologies, and alternative
10 fuels;

11 “(v) congestion mitigation measures;

12 “(vi) intelligent transportation systems
13 (ITS); and

14 “(vii) other potential approaches.

15 “(B) In making such identification, the study
16 should assess, to the extent applicable, the market-
17 ability, risks, benefits, practicability, acceptability,
18 and costs of such approaches as well as any legal or
19 market barriers to the introduction of such ap-
20 proaches, such as cost of energy, public awareness,
21 fueling infrastructure, fuel quality, and other exist-
22 ing regulations (e.g., Environmental Protection
23 Agency Tier 2 regulations, California emissions
24 standards, Federal Motor Vehicle Safety Standards).

1 “(7) An assessment of the effects on personal
2 mobility and the United States economy that have
3 resulted from the implementation of current con-
4 servation policies and measures and that likely
5 would result from the implementation of future ap-
6 proaches.

7 “(8) Conclusions that appropriately follow from
8 the foregoing study, including—

9 “(A) the effectiveness of prior and existing
10 transportation policies in fostering increased en-
11 ergy conservation;

12 “(B) the need for and timing of energy
13 conservation measures for motor vehicles; and

14 “(C) other potential future approaches and
15 policies that recommend themselves for further
16 consideration.

17 “(c) REPORT.—The Secretary of Transportation
18 shall submit to Congress, not later than 18 months after
19 the date of enactment of this Act, a report describing the
20 results of the study under this section, including any ap-
21 propriate recommendations, together with the basis for
22 them and their estimated costs and benefits.

23 **“SEC. 175. STUDY OF LEAN BURN TECHNOLOGY.**

24 “(a) SCOPE OF STUDY.—The Secretary of Transpor-
25 tation (with the participation of the Secretary of Energy)

1 shall, within 60 days after the date of enactment of this
2 Act, commission a study regarding lean burn technology
3 in increasing fuel efficiency, to include consideration of,
4 among other things:

5 “(1) POTENTIAL BENEFITS.—The potential
6 benefits of introducing lean burn technology,
7 including—

8 “(A) its impact on fuel consumption; and

9 “(B) the cost effectiveness (i.e., value) of
10 implementing lean burn technology as a bridge
11 to longer term advanced technologies for fuel
12 economy improvement.

13 “(2) POTENTIAL BARRIERS.—The potential
14 barriers to introduction of lean burn technology,
15 including—

16 “(A) emissions control technology for lean
17 burn technology;

18 “(B) the compatibility of existing fuels to
19 advanced technologies;

20 “(C) the conflict between lean burn tech-
21 nology and stringent emissions limits; and

22 “(D) any legal and market barriers to the
23 introduction of lean burn technologies, such as
24 cost of energy, public awareness, fueling infra-
25 structure, fuel quality, and other existing regu-

1 lations (e.g., Environmental Protection Agency
2 Tier 2 regulations, California emissions stand-
3 ards, Federal Motor Vehicle Safety Standards);

4 “(3) RECOMMENDATIONS.—Recommendations
5 for removing or addressing any potential barriers,
6 including—

7 “(A) the implementation of new tech-
8 nologies with the least disruption to the econ-
9 omy; and

10 “(B) the incremental cost of increasing
11 fuel efficiency.

12 “(4) Overall recommendations on the value of
13 pursuing lean burn technology as a means of im-
14 proving fuel efficiency.

15 “(b) REPORT.—The Secretary shall submit to Con-
16 gress, not later than 12 months after the date of enact-
17 ment of this Act, a report describing the results of the
18 study under this section, including any appropriate rec-
19 ommendations, together with the basis for them and their
20 estimated costs and benefits.”.

21 **SEC. 202. EXTENSION OF CREDITS FOR FLEXIBLE FUEL VE-**
22 **HICLES.**

23 (a) PURPOSE.—The purpose of this section is to ex-
24 tend the manufacturing incentives for dual fuel vehicles,
25 as set forth in subsections (b) and (d) of section 32905

1 of title 49, United States Code, from the 2004 model year
2 through the 2008 model year, and to extend in like man-
3 ner the maximum fuel economy increase, as set forth in
4 subsection (a)(1) of section 32906 of title 49, United
5 States Code.

6 (b) AMENDMENTS.—

7 (1) Section 32905 of title 49, United States
8 Code, is amended as follows:

9 (A) Subsections (b) and (d) are each
10 amended by striking “model years 1993–2004”
11 and inserting “model years 1993–2008”.

12 (B) Subsection (f) is amended by striking
13 ‘Not later than December 31, 2001, the Sec-
14 retary’ and inserting “Not later than December
15 31, 2005, the Secretary shall”.

16 (C) Subsection (f)(1) is amended by strik-
17 ing “model year 2004” and inserting “model
18 year 2008”.

19 (D) Subsection (g) is amended by striking
20 “Not later than September 30, 2000” and in-
21 sserting “Not later than September 30, 2004”.

22 (2) Subsection (a)(1) of section 32906 of title
23 49, United States Code, is amended as follows:

1 (A) Subsection (a)(1)(A) is amended by
2 striking “the model years 1993–2004” and in-
3 sserting “model years 1993–2008”.

4 (B) Subsection (a)(1)(B) is amended by
5 striking “the model years 2005–2008” and in-
6 sserting “2009–2012”.

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