

108TH CONGRESS
1ST SESSION

H. R. 2838

To amend the Internal Revenue Code of 1986 to provide a credit for qualifying clean technology engines.

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2003

Mr. RADANOVICH (for himself, Mr. NUNES, Mr. CARDOZA, Mr. OSE, and Mr. DOOLEY of California) 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 a credit for qualifying clean technology engines.

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 “Clean Engine Tech-
5 nology Act of 2003”.

6 **SEC. 2. CREDIT FOR QUALIFYING CLEAN TECHNOLOGY EN-**
7 **GINES.**

8 (a) IN GENERAL.—Subpart B of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to foreign tax credit, etc.) is amended by
2 adding at the end the following new section:

3 **“SEC. 30B. CREDIT FOR QUALIFYING CLEAN TECHNOLOGY**
4 **ENGINES.**

5 “(a) CREDIT ALLOWED.—There shall be allowed as
6 a credit against the tax imposed by this chapter for the
7 taxable year an amount equal to 25 percent of the cost
8 of each qualifying clean technology engine placed in serv-
9 ice during the taxable year by any taxpayer in connection
10 with such taxpayer’s trade or business.

11 “(b) LIMITATION.—

12 “(1) IN GENERAL.—The credit allowed under
13 subsection (a) shall not exceed \$15,000 for any tax-
14 payer for any taxable year.

15 “(2) MAXIMUM CREDIT PER TON.—The credit
16 allowed under subsection (a) shall not exceed
17 \$13,600 for each ton of emissions eliminated, as de-
18 termined by regulations promulgated by the Sec-
19 retary.

20 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
21 poses of this section—

22 “(1) QUALIFYING CLEAN TECHNOLOGY EN-
23 GINE.—

24 “(A) IN GENERAL.—The term ‘qualifying
25 clean technology engine’ means an engine—

1 “(i) which replaces a diesel engine
2 (which is not a qualifying clean technology
3 engine) used by the taxpayer immediately
4 before such engine is placed in service,

5 “(ii) which is used—

6 “(I) in a heavy duty truck or a
7 bus, or

8 “(II) for off-highway use,

9 “(iii) 75 percent of emissions from
10 which are in an area designated as a se-
11 vere or extreme 1 hour ozone nonattain-
12 ment area (as determined by the Adminis-
13 trator of the Environmental Protection
14 Agency) as of the date of the enactment of
15 this section,

16 “(iv) which—

17 “(I) emits at least 30 percent
18 fewer ozone forming pollutants than
19 the engine which it replaces, and

20 “(II) meets any Federal and
21 State pollution control requirements
22 applicable to the year in which such
23 engine is placed in service, and

1 “(v) which is certified as meeting the
2 requirements of this section by the local air
3 pollution control authority in such area.

4 “(B) ENGINES IN NEW MOTOR VEHICLES
5 INCLUDED.—

6 “(i) IN GENERAL.—Such term in-
7 cludes an engine that otherwise meets the
8 requirements of subparagraph (A) and is
9 in a new motor vehicle purchased by the
10 taxpayer which replaces a motor vehicle
11 with a diesel engine (which is not a quali-
12 fying clean technology engine) used by the
13 taxpayer immediately before such new
14 motor vehicle is placed in service.

15 “(ii) ENGINE IN NEW VEHICLE RE-
16 PLACES ENGINE IN OLD VEHICLE.—For
17 purposes of this section, a qualifying clean
18 technology engine in a new motor vehicle
19 shall be considered to have replaced the en-
20 gine in the vehicle used by the taxpayer
21 immediately before the new motor vehicle
22 is placed in service.

23 “(2) OLD ENGINE MUST BE DESTROYED.—No
24 credit shall be allowed under subsection (a) unless
25 the taxpayer destroys or otherwise retires the engine

1 which is replaced by the qualifying clean technology
2 engine.

3 “(d) APPLICATION WITH OTHER CREDITS.—The
4 credit allowed under subsection (a) for any taxable year
5 shall not exceed the excess (if any) of—

6 “(1) the regular tax for the taxable year re-
7 duced by the sum of the credits allowable under sub-
8 part A and sections 27, 29, and 30, over

9 “(2) the tentative minimum tax for the taxable
10 year.

11 “(e) BASIS REDUCTION.—For purposes of this title,
12 the basis of any property shall be reduced by the portion
13 of the cost of such property taken into account under sub-
14 section (a).

15 “(f) NO DOUBLE BENEFIT.—The amount of any de-
16 duction or other credit allowable under this chapter for
17 any cost taken into account in computing the amount of
18 the credit determined under subsection (a) shall be re-
19 duced by the amount of such credit attributable to such
20 cost.

21 “(g) CARRYBACK AND CARRYFORWARD ALLOWED.—

22 “(1) IN GENERAL.—If the credit allowable
23 under subsection (a) for a taxable year exceeds the
24 amount of the limitation under subsection (d) for
25 such taxable year (in this paragraph referred to as

1 the ‘unused credit year’), such excess shall be a
2 credit carryback to each of the 3 taxable years pre-
3 ceding the unused credit year and a credit
4 carryforward to each of the 20 taxable years fol-
5 lowing unused credit year, except that no excess may
6 be carried to a taxable year beginning before the
7 date of the enactment of this paragraph.

8 “(2) RULES.—Rules similar to the rules of sec-
9 tion 39 shall apply with respect to the credit
10 carryback and credit carryforward under paragraph
11 (1).

12 “(h) OTHER SPECIAL RULES.—Rules similar to the
13 rules of paragraphs (4) and (5) of section 179A(e) shall
14 apply.

15 “(i) REGULATIONS.—The Secretary shall, after con-
16 sulting with the Administrator of the Environmental Pro-
17 tection Agency and the California Air Resources Board,
18 prescribe such regulations as necessary to carry out the
19 provisions of this section.

20 “(j) TERMINATION.—This section shall not apply to
21 any property placed in service after December 31, 2009.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 1016(a) of such Code is amended
24 by striking “and” at the end of paragraph (27), by
25 striking the period at the end of paragraph (28) and

1 inserting “, and”, and by adding at the end the fol-
2 lowing new paragraph:

3 “(29) to the extent provided in section
4 30B(e).”.

5 (2) Section 55(c)(2) of such Code is amended
6 by inserting “30B(d),” after “30(b)(3),”.

7 (3) The table of sections for subpart B of part
8 IV of subchapter A of chapter 1 of such Code is
9 amended by inserting after the item relating to sec-
10 tion 30A the following new item:

“30B. Credit for qualifying clean technology engines.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to property placed in service after
13 the date of the enactment of this Act, in taxable years
14 ending after such date.

○