

109TH CONGRESS  
2D SESSION

# S. 2680

To facilitate the increased use of alternative fuels for motor vehicles, and  
for other purposes.

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IN THE SENATE OF THE UNITED STATES

APRIL 27, 2006

Mr. COLEMAN (for himself, Mr. TALENT, and Mrs. LINCOLN) introduced the  
following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To facilitate the increased use of alternative fuels for motor  
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 “Transforming Energy  
5 Now Act of 2006”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) the United States is dangerously dependent  
9 on foreign oil;

1           (2) as of April 2006, the United States im-  
2           ported nearly 60 percent of the oil used in the  
3           United States, and that percentage is expected to in-  
4           crease to almost 70 percent by 2025 unless the  
5           United States takes decisive action;

6           (3) approximately 2,500,000 barrels of oil per  
7           day are imported from countries in the Persian Gulf  
8           region;

9           (4) oil imports comprise nearly 30 percent of  
10          the dangerously high trade deficit of the United  
11          States;

12          (5) it is feasible to dramatically reduce the de-  
13          pendence of the United States on foreign oil by in-  
14          creasing production and commercialization of alter-  
15          native liquid fuels;

16          (6) as of April 2006, only 4 percent of the total  
17          gasoline sold was derived from renewable fuel, in-  
18          cluding 4,000,000,000 gallons of ethanol production;

19          (7) at the current rate of renewable fuel pro-  
20          duction growth, the United States will increase its  
21          production of ethanol by approximately  
22          1,000,000,000 gallons a year, resulting in the an-  
23          nual production of 14,000,000,000 gallons of eth-  
24          anol in the United States by 2016;

1           (8) at the current increase of renewable fuel  
2           production capacity, the United States will produce  
3           10,000,000,000 gallons of ethanol by 2012, easily  
4           surpassing the current renewable fuels mandate re-  
5           quired by the Energy Policy Act of 2005;

6           (9) an aggressive schedule of renewable fuels  
7           production will lessen the United States dependence  
8           on foreign oil;

9           (10) 10 percent of the Nation’s motor vehicle  
10          fuel supply should be renewable by 2016; and

11          (11) setting a goal of 19,000,000,000 gallons of  
12          ethanol by 2016 would require an aggressive in-  
13          crease in renewable fuels production without requir-  
14          ing significant ethanol imports.

15 **SEC. 3. ETHANOL AND BIODIESEL FUEL REQUIREMENTS.**

16          (a) IN GENERAL.—Section 211(o)(2)(B) of the Clean  
17          Air Act (42 U.S.C. 7545 (o)(2)(B)) is amended to read  
18          as follows:

19                   “(B) MINIMUM PERCENTAGE.—Motor ve-  
20                   hicle fuel sold or introduced into commerce in  
21                   the United States (except in noncontiguous  
22                   States or territories) after December 31, 2015,  
23                   shall contain, in the aggregate, not less than 10  
24                   percent renewable fuel, by volume.”.

1 (b) RULEMAKING.—Not later than 1 year after the  
 2 date of the enactment of this Act, the Administrator shall  
 3 promulgate regulations to carry out the amendment made  
 4 by subsection (a).

5 **SEC. 4. INCREASE IN ALTERNATIVE FUEL VEHICLE RE-**  
 6 **FUELING PROPERTY CREDIT.**

7 (a) IN GENERAL.—Section 30C(a) of the Internal  
 8 Revenue Code of 1986 is amended by striking “30 per-  
 9 cent” and inserting “50 percent”.

10 (b) EFFECTIVE DATE.—The amendment made by  
 11 subsection (a) shall apply to property placed in service  
 12 after December 31, 2005, in taxable years ending after  
 13 such date.

14 **SEC. 5. USE OF CAFE PENALTIES TO BUILD ALTERNATIVE**  
 15 **FUELING INFRASTRUCTURE.**

16 Section 32912 of title 49, United States Code, is  
 17 amended by adding at the end the following:

18 “(e) ALTERNATIVE FUELING INFRASTRUCTURE  
 19 GRANT PROGRAM.—

20 “(1) TRUST FUND.—

21 “(A) ESTABLISHMENT.—There is estab-  
 22 lished in the Treasury of the United States a  
 23 trust fund, to be known as the Alternative  
 24 Fueling Infrastructure Trust Fund (referred to  
 25 in this subsection as the ‘Trust Fund’), con-

1           sisting of such amounts as are deposited into  
2           the Trust Fund under subparagraph (B) and  
3           any interest earned on investment of amounts  
4           in the Trust Fund.

5           “(B) TRANSFERS OF CIVIL PENALTIES.—  
6           The Secretary of Transportation shall remit 90  
7           percent of the amount collected in civil penalties  
8           under this section to the Trust Fund.

9           “(2) ESTABLISHMENT OF GRANT PROGRAM.—  
10          The Secretary of Energy shall obligate such sums as  
11          are available in the Trust Fund to establish a grant  
12          program to increase the number of locations at  
13          which consumers may purchase alternative transpor-  
14          tation fuels.

15          “(3) GRANT RECIPIENTS.—

16                 “(A) IN GENERAL.—The Secretary of En-  
17                 ergy may award grants under this paragraph,  
18                 to—

19                         “(i) individual fueling stations in an  
20                         amount not greater than \$150,000 per site  
21                         or \$500,000 per entity; and

22                         “(ii) corporations (including nonprofit  
23                         corporations) with demonstrated experience  
24                         in the administration of grant funding for

1 the purpose of alternative fueling infra-  
2 structure.

3 “(B) PRIORITY.—In awarding grants  
4 under this paragraph, the Secretary of Energy  
5 shall—

6 “(i) give priority to recognized non-  
7 profit corporations that have proven expe-  
8 rience and demonstrated technical exper-  
9 tise in the establishment of alternative  
10 fueling infrastructure;

11 “(ii) consider the number of vehicles  
12 produced for sale in the preceding produc-  
13 tion year capable of using each specific  
14 type of alternative fuel; and

15 “(iii) identify 1 primary group per al-  
16 ternative fuel.

17 “(4) USE OF FUNDS.—

18 “(A) IN GENERAL.—Grant funds received  
19 under this subsection may be used to—

20 “(i) construct new facilities to dis-  
21 pense alternative fuels;

22 “(ii) purchase equipment to upgrade,  
23 expand, or otherwise improve existing al-  
24 ternative fuel facilities; or

1                   “(iii) purchase equipment or pay for  
2                   specific turnkey fueling services by alter-  
3                   native fuel providers.

4                   “(B) MATCHING REQUIREMENT.—The  
5                   Secretary of Energy may not award a grant  
6                   under this paragraph unless the grant recipient  
7                   agrees to provide \$1 of non-Federal contribu-  
8                   tions for every \$3 of grant funds received under  
9                   this paragraph. In no case may administrative  
10                  expenses exceed 10 percent of any total award  
11                  that may be provided.

12                  “(5) SELECTION OF ALTERNATIVE FUEL STA-  
13                  TIONS.—Each grant recipient shall select the loca-  
14                  tions for each alternative fuel station to be con-  
15                  structed with grant funds received under this para-  
16                  graph on a formal, open, and competitive basis,  
17                  based on—

18                         “(A) the public demand for each alter-  
19                         native fuel in a particular county based on state  
20                         registration records showing the number of ve-  
21                         hicles that can be operated with alternative fuel;  
22                         and

23                         “(B) the opportunity to create or expand  
24                         corridors of alternative fuel stations along inter-  
25                         state or State highways.

1           “(6) OPERATION OF ALTERNATIVE FUEL STA-  
2           TIONS.—Facilities constructed or upgraded with  
3           grant funds received under this subsection shall—

4                   “(A) provide alternative fuel available to  
5                   the public for a period of not less than 4 years;

6                   “(B) establish a marketing plan to advance  
7                   the sale and use of alternative fuels;

8                   “(C) prominently display the price of alter-  
9                   native fuel on the marquee and in the station;

10                  “(D) provide point of sale materials on al-  
11                  ternative fuel;

12                  “(E) clearly label the dispenser with con-  
13                  sistent materials;

14                  “(F) price the alternative fuel at the same  
15                  margin that is received for unleaded gasoline;  
16                  and

17                  “(G) support and use all available tax in-  
18                  centives to reduce the cost of the alternative  
19                  fuel to the lowest possible retail price.

20           “(7) NOTIFICATION REQUIREMENTS.—

21                   “(A) OPENING.—Not later than the date  
22                   on which each alternative fuel station begins to  
23                   offer alternative fuel to the public, the grant re-  
24                   cipient that used grant funds to construct such  
25                   station shall notify the Secretary of Energy of

1 such opening. The Secretary of Energy shall  
2 add each new alternative fuel station to the al-  
3 ternative fuel station locator on its Website  
4 when it receives notification under this subpara-  
5 graph.

6 “(B) SEMI-ANNUAL REPORT.—Not later  
7 than 6 months after the receipt of a grant  
8 award under this subsection, and every 6  
9 months thereafter, each grant recipient shall  
10 submit a report to the Secretary of Energy that  
11 describes—

12 “(i) the status of each alternative fuel  
13 station constructed with grant funds re-  
14 ceived under this subsection;

15 “(ii) the amount of alternative fuel  
16 dispensed at each station during the pre-  
17 ceeding 6-month period; and

18 “(iii) the average price per gallon of  
19 the alternative fuel sold at each station  
20 during the preceding 6-month period.

21 “(8) ALTERNATIVE FUEL DEFINED.—For the  
22 purposes of this subsection, the term ‘alternative  
23 fuel’ means—

24 “(A) any fuel of which at least 85 percent  
25 (or such percentage, but not less than 70 per-

1 cent, as determined by the Secretary, by rule,  
 2 to provide for requirements relating to cold  
 3 start, safety, or vehicle functions) of the volume  
 4 consists of ethanol, natural gas, compressed  
 5 natural gas, liquefied natural gas, liquefied pe-  
 6 troleum gas, or hydrogen; or

7 “(B) any mixture of biodiesel and diesel  
 8 fuel determined without regard to any use of  
 9 kerosene that contains at least 20 percent bio-  
 10 diesel.”.

11 **SEC. 6. LOW-INTEREST LOAN AND GRANT PROGRAM FOR**  
 12 **RETAIL DELIVERY OF E-85 FUEL.**

13 (a) PURPOSES OF LOANS.—Section 312(a) of the  
 14 Consolidated Farm and Rural Development Act (7 U.S.C.  
 15 1942(a)) is amended—

16 (1) in paragraph (9)(B)(ii), by striking “or” at  
 17 the end;

18 (2) in paragraph (10), by striking the period at  
 19 the end and inserting “; or”; and

20 (3) by adding at the end the following:

21 “(11) building infrastructure, including pump  
 22 stations, for the retail delivery to consumers of any  
 23 fuel that contains not less than 85 percent ethanol,  
 24 by volume.”.

1 (b) PROGRAM.—Subtitle B of the Consolidated Farm  
2 and Rural Development Act (7 U.S.C. 1941 et seq.) is  
3 amended by adding at the end the following:

4 **“SEC. 320. LOW-INTEREST LOAN AND GRANT PROGRAM FOR**  
5 **RETAIL DELIVERY OF E-85 FUEL.**

6 “(a) IN GENERAL.—The Secretary shall establish a  
7 low-interest loan and grant program to assist farmer-  
8 owned ethanol producers (including cooperatives and lim-  
9 ited liability corporations) to develop and build infrastruc-  
10 ture, including pump stations, that is directly related to  
11 the retail delivery to consumers of any fuel that contains  
12 not less than 85 percent ethanol, by volume.

13 “(b) LOAN TERMS.—

14 “(1) AMORTIZATION.—The repayment of a loan  
15 received under this section shall be amortized over  
16 the expected life of the infrastructure project that is  
17 being financed with the proceeds of the loan.

18 “(2) INTEREST RATE.—The annual interest  
19 rate of a loan received under this section shall be  
20 fixed at not more than 5 percent.

21 “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
22 are authorized to be appropriated such sums as are nec-  
23 essary to carry out this section.”.

24 (c) REGULATIONS.—As soon as practicable after the  
25 date of the enactment of this Act, the Secretary of Agri-

- 1 culture shall promulgate such regulations as are necessary
- 2 to carry out the amendments made by this section.

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