

109TH CONGRESS
1ST SESSION

H. R. 4409

To promote the national security and stability of the United States economy by reducing the dependence of the United States on foreign oil through the use of alternative fuels and new vehicle technologies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 18, 2005

Mr. KINGSTON (for himself, Mr. ENGEL, Mr. SAXTON, Mr. BISHOP of New York, Mr. GILCHREST, Mr. INGLIS of South Carolina, Mr. PRICE of Georgia, Mr. BISHOP of Georgia, Mr. BURTON of Indiana, Mr. PENCE, Mr. BARROW, Mrs. JOHNSON of Connecticut, Mr. TERRY, Mr. TANCREDO, Mr. BACHUS, Mr. PITTS, Mr. BURGESS, Mr. WESTMORELAND, Mr. LINDER, Mr. CHABOT, Mr. CONAWAY, Mr. WILSON of South Carolina, Mrs. KELLY, Mr. DEAL of Georgia, Mr. RENZI, and Mr. EHLERS) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Science, Ways and Means, Transportation and Infrastructure, and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To promote the national security and stability of the United States economy by reducing the dependence of the United States on foreign oil through the use of alternative fuels and new vehicle technologies, 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,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
 3 “Fuel Choices for American Security Act of 2005”.

4 (b) **TABLE OF CONTENTS.**—The table of contents of
 5 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purposes.

TITLE I—OIL SAVINGS ACTION PLAN AND REQUIREMENTS

Sec. 101. Oil savings target and action plan.

Sec. 102. Standards and requirements.

Sec. 103. Initial evaluation.

Sec. 104. Review and update of action plan.

Sec. 105. Baseline and analysis requirements.

Sec. 106. Review and scoring of Federal actions related to oil savings action
 plan.

Sec. 107. Federal Government oil usage audit.

Sec. 108. Saturday mail delivery.

Sec. 109. Nationwide media campaign to decrease oil consumption.

TITLE II—FUEL EFFICIENT VEHICLES FOR THE 21ST CENTURY

Sec. 201. Tire efficiency program.

Sec. 202. Reduction of school bus idling.

Sec. 203. Fuel efficiency for heavy duty trucks.

Sec. 204. Idling reduction tax credit.

Sec. 205. Near-term vehicle technology program.

Sec. 206. Lightweight materials research and development.

Sec. 207. Hybrid and advanced diesel vehicles.

Sec. 208. Advanced technology motor vehicles manufacturing credit.

Sec. 209. Consumer incentives to purchase advanced technology vehicles.

Sec. 210. Federal fleet requirements.

Sec. 211. Tax incentives for private fleets.

Sec. 212. Reducing incentives to guzzle gas.

Sec. 213. Fuel Choice for Transportation.

Sec. 214. Flexible fuel vehicle economy calculations.

TITLE III—FUEL CHOICES FOR THE 21ST CENTURY

Sec. 301. Fuel choice action plan.

Sec. 302. Ethanol action plan.

Sec. 303. Duty free treatment for imported liquid ethanol used for fuel.

Sec. 304. Alternative fuel vehicle refueling property.

Sec. 305. Use of CAFÉ penalties to build alternative fueling infrastructure.

Sec. 306. Cellulosic biomass fuel.

Sec. 307. Production incentives for cellulosic biofuels.

Sec. 308. Transit-oriented development corridors.

Sec. 309. Biofuels.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—Congress finds that—

3 (1) the United States is dangerously dependent
4 on oil;

5 (2) that dependence threatens the national se-
6 curity, weakens the economy, and harms the envi-
7 ronment of the United States;

8 (3) the United States currently imports nearly
9 60 percent of oil needed in the United States, and
10 that percentage is expected to grow to almost 70
11 percent by 2025 if no actions are taken;

12 (4) approximately 2,500,000 barrels of oil per
13 day are imported from countries in the Persian Gulf
14 region;

15 (5) that dependence on foreign oil undermines
16 the war on terror by financing both sides of the war;

17 (6) in 2004 alone, the United States sent
18 \$103,000,000,000 to undemocratic countries, some
19 of which use revenues to support terrorism and
20 spread ideology hostile to the United States, as doc-
21 umented by the Council on Foreign Relations;

22 (7) terrorists have identified oil as a strategic
23 vulnerability and have increased attacks against oil
24 infrastructure worldwide;

25 (8) oil imports comprise nearly 30 percent of
26 the dangerously high United States trade deficit;

1 (9) it is technically feasible to achieve oil sav-
2 ings of more than 2,500,000 barrels per day by
3 2015 and 5,000,000 barrels per day by 2025;

4 (10) those goals can be achieved by establishing
5 a set of flexible policies, including—

6 (A) increasing the gasoline-efficiency of
7 cars, trucks, tires, and oil;

8 (B) providing economic incentives for com-
9 panies and consumers to produce and purchase
10 21st Century fuel efficient and flexible fuel ve-
11 hicles;

12 (C) encouraging the use of transit and the
13 reduction of truck and bus idling;

14 (D) increasing production and commer-
15 cialization of alternative liquid fuels;

16 (E) increasing the efficiency of current oil
17 based fuels with combustion enhancers and
18 other advanced technology; and

19 (F) increasing the use of electricity as a
20 transportation fuel;

21 (11) vehicle technology available as of the date
22 of enactment of this Act (including popular hybrid-
23 electric vehicle models, the sales of which in the
24 United States increased 173 percent in the first 5
25 months of 2005 as compared with the same period

1 in 2004) make an oil savings plan eminently achiev-
2 able;

3 (12) alternative and renewable liquid transpor-
4 tation fuels are already available (including corn and
5 sugar based ethanol, biodiesel, methanol, and diesel
6 fuels derived from coal) to make such an oil savings
7 and fuel choice plan eminently achievable;

8 (13) achieving those goals will benefit con-
9 sumers and businesses through lower fuel bills and
10 reduction in world oil prices;

11 (14) achieving those goals will help protect the
12 economy of the United States from high and volatile
13 oil prices and from the threats caused by global in-
14 stability, terrorism, and natural disaster; and

15 (15) it is urgent, essential, and feasible to im-
16 plement an action plan to achieve oil savings as soon
17 as practicable because any delay in initiating action
18 will—

19 (A) make achieving necessary oil savings
20 more difficult and expensive;

21 (B) increase the risks to the national secu-
22 rity, economy, and environment of the United
23 States; and

24 (C) leave the American people and econ-
25 omy vulnerable to the threats posed by ter-

1 rorism, natural disaster, political instability,
2 and the shrinking ability of global oil supplies
3 to meet rapidly expanding oil demands.

4 (b) PURPOSES.—The purposes of this Act are—

5 (1) to accelerate market penetration of flexible
6 fuel, electric drive, and alternative motor vehicles;

7 (2) to enable the accelerated market penetra-
8 tion of efficient technologies and alternative fuels
9 without adverse impact on air quality while main-
10 taining a policy of fuel neutrality, so as to allow
11 market forces to elect the technologies and fuels that
12 are consumer-friendly, safe, environmentally-sound,
13 and economic;

14 (3) to provide time-limited financial incentives
15 to encourage production and consumer purchase of
16 oil saving technologies and fuels nationwide;

17 (4) to promote a nationwide diversity of motor
18 vehicle fuels and advanced motor vehicle technology,
19 including advanced lean burn technology, hybrid
20 technology, flexible fuel motor vehicles, alternatively
21 fueled motor vehicles, and other oil saving tech-
22 nologies; and

23 (5) to decrease American dependence on im-
24 ported oil.

1 **TITLE I—OIL SAVINGS ACTION**
2 **PLAN AND REQUIREMENTS**

3 **SEC. 101. OIL SAVINGS TARGET AND ACTION PLAN.**

4 Not later than 270 days after the date of enactment
5 of this Act, the Director of the Office of Management and
6 Budget (referred to in this title as the “Director”) shall
7 publish in the Federal Register an action plan consisting
8 of—

9 (1) a list of requirements proposed or to be pro-
10 posed pursuant to section 102 that are authorized to
11 be issued under law in effect on the date of enact-
12 ment of this Act, and this Act, that will be suffi-
13 cient, when taken together, to save from the baseline
14 determined under section 105—

15 (A) 2,500,000 barrels of oil per day on av-
16 erage during calendar year 2015; and

17 (B) 5,000,000 barrels of oil per day on av-
18 erage during calendar year 2025; and

19 (2) a Federal Government-wide analysis of—

20 (A) the expected oil savings from the base-
21 line to be accomplished by each requirement;
22 and

23 (B) whether all such requirements, taken
24 together, will achieve the oil savings specified in
25 this section.

1 **SEC. 102. STANDARDS AND REQUIREMENTS.**

2 (a) SECRETARY OF ENERGY.—On or before the date
3 of publication of the action plan under section 101, the
4 Secretary of Energy shall propose, or issue a notice of in-
5 tent to propose, regulations establishing each standard or
6 other requirement listed in the action plan that is under
7 the jurisdiction of the Secretary of Energy using authori-
8 ties described in subsection (d).

9 (b) SECRETARY OF TRANSPORTATION.—On or before
10 the date of publication of the action plan under section
11 101, the Secretary of Transportation shall propose, or
12 issue a notice of intent to propose, regulations establishing
13 each standard or other requirement listed in the action
14 plan that is under the jurisdiction of the Secretary of
15 Transportation using authorities described in subsection
16 (d).

17 (c) ADMINISTRATOR OF THE ENVIRONMENTAL PRO-
18 TECTION AGENCY.—On or before the date of publication
19 of the action plan under section 101, the Administrator
20 of the Environmental Protection Agency shall propose, or
21 issue a notice of intent to propose, regulations establishing
22 each standard or other requirement listed in the action
23 plan that is under the jurisdiction of the Administrator
24 using authorities described in subsection (d).

25 (d) AUTHORITIES.—The Secretary of Energy, the
26 Secretary of Transportation, and the Administrator of the

1 Environmental Protection Agency shall use to carry out
2 this section—

3 (1) any authority in existence on the date of en-
4 actment of this Act (including regulations); and

5 (2) any new authority provided under this Act
6 (including an amendment made by this Act).

7 (e) FINAL REGULATIONS.—Not later than 18 months
8 after the date of enactment of this Act, the Secretary of
9 Energy, the Secretary of Transportation, and the Admin-
10 istrator of the Environmental Protection Agency shall pro-
11 mulgate final versions of the regulations described in sub-
12 sections (a), (b), and (c), respectively.

13 (f) AGENCY ANALYSES.—Each proposed and final
14 regulation promulgated under this section shall—

15 (1) be designed to achieve at least the oil sav-
16 ings resulting from the regulation under the action
17 plan published under section 101; and

18 (2) be accompanied by an analysis by the appli-
19 cable agency describing the manner in which the
20 regulation will promote the achievement of the oil
21 savings from the baseline determined under section
22 105.

23 **SEC. 103. INITIAL EVALUATION.**

24 (a) IN GENERAL.—Not later than 2 years after the
25 date of enactment of this Act, the Director shall publish

1 in the Federal Register a Federal Government-wide anal-
2 ysis of the oil savings achieved from the baseline estab-
3 lished under section 105.

4 (b) INADEQUATE OIL SAVINGS.—If the oil savings
5 are less than the targets established under section 101,
6 simultaneously with the analysis required under sub-
7 section (a)—

8 (1) the Director shall publish a revised action
9 plan that is adequate to achieve the targets; and

10 (2) the Secretary of Energy, the Secretary of
11 Transportation, and the Administrator shall propose
12 new or revised regulations under subsections (a),
13 (b), and (c), respectively, of section 102.

14 (c) FINAL REGULATIONS.—Not later than 180 days
15 after the date on which regulations are proposed under
16 subsection (b)(2), the Secretary of Energy, the Secretary
17 of Transportation, and the Administrator shall promul-
18 gate final versions of those regulations.

19 **SEC. 104. REVIEW AND UPDATE OF ACTION PLAN.**

20 (a) REVIEW.—Not later than January 1, 2011, and
21 every 3 years thereafter, the Director shall publish a re-
22 port that—

23 (1) evaluates the progress achieved in imple-
24 menting the oil savings targets established under
25 section 101;

1 (2) analyzes the expected oil savings under the
2 standards and requirements established under this
3 Act and the amendments made by this Act; and

4 (3)(A) analyzes the potential to achieve oil sav-
5 ings that are in addition to the savings required by
6 section 101; and

7 (B) if the President determines that it is in the
8 national interest, establishes a higher oil savings tar-
9 get for calendar year 2017 or any subsequent cal-
10 endar year.

11 (b) INADEQUATE OIL SAVINGS.—If the oil savings
12 are less than the targets established under section 101,
13 simultaneously with the report required under subsection
14 (a)—

15 (1) the Director shall publish a revised action
16 plan that is adequate to achieve the targets; and

17 (2) the Secretary of Energy, the Secretary of
18 Transportation, and the Administrator shall propose
19 new or revised regulations under subsections (a),
20 (b), and (c), respectively, of section 102.

21 (c) FINAL REGULATIONS.—Not later than 180 days
22 after the date on which regulations are proposed under
23 subsection (b)(2), the Secretary of Energy, the Secretary
24 of Transportation, and the Administrator shall promul-
25 gate final versions of those regulations.

1 **SEC. 105. BASELINE AND ANALYSIS REQUIREMENTS.**

2 In performing the analyses and promulgating pro-
3 posed or final regulations to establish standards and other
4 requirements necessary to achieve the oil savings required
5 by this title, the Director, the Secretary of Energy, the
6 Secretary of Transportation, and the Administrator
7 shall—

8 (1) determine oil savings as the projected re-
9 duction in oil consumption from the baseline estab-
10 lished by the reference case contained in the report
11 of the Energy Information Administration entitled
12 “Annual Energy Outlook 2005”;

13 (2) determine the oil savings projections re-
14 quired on an annual basis for each of calendar years
15 2009 through 2026; and

16 (3) account for any overlap among the stand-
17 ards and other requirements to ensure that the pro-
18 jected oil savings from all the promulgated stand-
19 ards and requirements, taken together, are as accu-
20 rate as practicable.

21 **SEC. 106. REVIEW AND SCORING OF FEDERAL ACTIONS RE-**
22 **LATED TO OIL SAVINGS ACTION PLAN.**

23 (a) OFFICE OF MANAGEMENT AND BUDGET.—

24 (1) REQUIREMENT.—The Director shall—

25 (A) establish procedures to evaluate all
26 proposals for Federal legislative or executive ac-

1 tions which could be reasonably considered to
2 impact the supply or demand of oil in the
3 United States; and

4 (B) report to the Congress on the net im-
5 pact the reviewed proposal would have on
6 reaching the goals of the action plan required
7 under section 101, including a score in terms of
8 projected decreases or increases to oil usage.

9 (2) CONCLUSIONS.—The conclusions of the Di-
10 rector under paragraph (1) shall also be published in
11 the public record and considered as part of any rule-
12 making procedure or impact statement.

13 (b) COMPTROLLER GENERAL.—

14 (1) REQUIREMENT.—The Comptroller General
15 shall—

16 (A) establish procedures to evaluate all
17 proposals for Federal legislative or executive ac-
18 tions which could be reasonably considered to
19 impact the supply or demand of oil in the
20 United States; and

21 (B) report to the Congress on the net im-
22 pact the reviewed proposal would have on
23 reaching the goals of the action plan required
24 under section 101, including a score in terms of
25 projected decreases or increases to oil usage.

1 (2) CONCLUSIONS.—The conclusions of the
2 Comptroller General under paragraph (1) shall also
3 be published in the public record and considered as
4 part of any rulemaking procedure or impact state-
5 ment.

6 **SEC. 107. FEDERAL GOVERNMENT OIL USAGE AUDIT.**

7 Not later than 2 years after the date of enactment
8 of this Act, each Federal agency shall complete an audit
9 of oil-derived fuel usage in the agency. The head of the
10 agency shall establish an oil usage baseline and develop
11 a plan to reduce oil consumption by 10 percent over 5
12 years and 20 percent in 10 years. The Secretary of Energy
13 shall compile an annual report containing all agency re-
14 ports and recommendations under this section and deliver
15 it to the Congress not later than January 31 of each year.

16 **SEC. 108. SATURDAY MAIL DELIVERY.**

17 The Postmaster General shall, not later than 90 days
18 after the date of enactment of this Act, report to the Con-
19 gress on the annual fleetwide fuel savings and cost savings
20 associated with eliminating Saturday mail delivery.

21 **SEC. 109. NATIONWIDE MEDIA CAMPAIGN TO DECREASE**
22 **OIL CONSUMPTION.**

23 (a) IN GENERAL.—The Secretary of Energy, acting
24 through the Assistant Secretary for Energy Efficiency and
25 Renewable Energy (referred to in this section as the “Sec-

1 retary”), shall develop and conduct a national media cam-
2 paign for the purpose of decreasing oil consumption in the
3 United States over the next decade.

4 (b) CONTRACT WITH ENTITY.—The Secretary shall
5 carry out subsection (a) directly or through—

6 (1) competitively bid contracts with 1 or more
7 nationally recognized media firms for the develop-
8 ment and distribution of monthly television, radio,
9 and newspaper public service announcements; or

10 (2) collective agreements with 1 or more nation-
11 ally recognized institutes, businesses, or nonprofit
12 organizations for the funding, development, and dis-
13 tribution of monthly television, radio, and newspaper
14 public service announcements.

15 (c) USE OF FUNDS.—

16 (1) IN GENERAL.—Amounts made available to
17 carry out this section shall be used for the following:

18 (A) ADVERTISING COSTS.—

19 (i) The purchase of media time and
20 space.

21 (ii) Creative and talent costs.

22 (iii) Testing and evaluation of adver-
23 tising.

24 (iv) Evaluation of the effectiveness of
25 the media campaign.

1 (v) The negotiated fees for the win-
2 ning bidder on requests from proposals
3 issued either by the Secretary for purposes
4 otherwise authorized in this section.

5 (vi) Entertainment industry outreach,
6 interactive outreach, media projects and
7 activities, public information, news media
8 outreach, and corporate sponsorship and
9 participation.

10 (B) ADMINISTRATIVE COSTS.—Operational
11 and management expenses.

12 (2) LIMITATIONS.—In carrying out this section,
13 the Secretary shall allocate not less than 85 percent
14 of funds made available under subsection (e) for
15 each fiscal year for the advertising functions speci-
16 fied under paragraph (1)(A).

17 (d) REPORTS.—The Secretary shall annually submit
18 to Congress a report that describes—

19 (1) the strategy of the national media campaign
20 and whether specific objectives of the campaign were
21 accomplished, including—

22 (A) determinations concerning the rate of
23 change of oil consumption, in both absolute and
24 per capita terms; and

1 (B) an evaluation that enables consider-
2 ation whether the media campaign contributed
3 to reduction of oil consumption;

4 (2) steps taken to ensure that the national
5 media campaign operates in an effective and effi-
6 cient manner consistent with the overall strategy
7 and focus of the campaign;

8 (3) plans to purchase advertising time and
9 space;

10 (4) policies and practices implemented to ensure
11 that Federal funds are used responsibly to purchase
12 advertising time and space and eliminate the poten-
13 tial for waste, fraud, and abuse; and

14 (5) all contracts or cooperative agreements en-
15 tered into with a corporation, partnership, or indi-
16 vidual working on behalf of the national media cam-
17 paign.

18 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
19 authorized to be appropriated to carry out this section
20 \$50,000,000 for each of fiscal years 2006 through 2010.

1 **TITLE II—FUEL EFFICIENT VEHI-**
2 **CLES FOR THE 21st CENTURY**

3 **SEC. 201. TIRE EFFICIENCY PROGRAM.**

4 (a) STANDARDS FOR TIRES MANUFACTURED FOR
5 INTERSTATE COMMERCE.—Section 30123 of title 49,
6 United States Code, is amended—

7 (1) in subsection (b)—

8 (A) in the first sentence, by striking “The
9 Secretary” and inserting the following:

10 “(1) UNIFORM QUALITY GRADING SYSTEM.—

11 “(A) IN GENERAL.—The Secretary”;

12 (B) in the second sentence, by striking
13 “The Secretary” and inserting the following:

14 “(2) NOMENCLATURE AND MARKETING PRAC-
15 TICES.—The Secretary”;

16 (C) in the third sentence, by striking “A
17 tire standard” and inserting the following:

18 “(3) EFFECT OF STANDARDS AND REGULA-
19 TIONS.—A tire standard”; and

20 (D) in paragraph (1), as designated by
21 subparagraph (A), by adding at the end the fol-
22 lowing:

23 “(B) INCLUSION.—The grading system es-
24 tablished pursuant to subparagraph (A) shall
25 include standards for rating the fuel efficiency

1 of tires designed for use on passenger cars and
2 light trucks.”; and

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

4 “(d) NATIONAL TIRE EFFICIENCY PROGRAM.—

5 “(1) DEFINITION.—In this subsection, the term
6 ‘fuel economy’, with respect to a tire, means the ex-
7 tent to which the tire contributes to the fuel econ-
8 omy of the motor vehicle on which the tire is mount-
9 ed.

10 “(2) PROGRAM.—The Secretary shall develop
11 and carry out a national tire fuel efficiency program
12 for tires designed for use on passenger cars and
13 light trucks.

14 “(3) REQUIREMENTS.—Not later than March
15 31, 2008, the Secretary shall issue regulations,
16 which establish—

17 “(A) policies and procedures for testing
18 and labeling tires for fuel economy to enable
19 tire buyers to make informed purchasing deci-
20 sions about the fuel economy of tires;

21 “(B) policies and procedures to promote
22 the purchase of energy efficient replacement
23 tires, including purchase incentives, website list-
24 ings on the Internet, printed fuel economy
25 guide booklets, and mandatory requirements for

1 tire retailers to provide tire buyers with fuel ef-
2 ficiency information on tires; and

3 “(C) minimum fuel economy standards for
4 tires.

5 “(4) MINIMUM FUEL ECONOMY STANDARDS.—

6 In promulgating minimum fuel economy standards
7 for tires, the Secretary shall design standards that—

8 “(A) ensure, in conjunction with the re-
9 quirements under paragraph (3)(B), that the
10 average fuel economy of replacement tires is not
11 less than the average fuel economy of tires sold
12 as original equipment;

13 “(B) secure the maximum technically fea-
14 sible and cost-effective fuel savings;

15 “(C) do not adversely affect tire safety;

16 “(D) incorporate the results from—

17 “(i) laboratory testing; and

18 “(ii) to the extent appropriate and
19 available, on-road fleet testing programs
20 conducted by manufacturers; and

21 “(E) do not adversely affect efforts to
22 manage scrap tires.

23 “(5) APPLICABILITY.—The policies, procedures,
24 and standards developed under paragraph (3) shall
25 apply to all tire types and models regulated under

1 the uniform tire quality grading standards in section
2 575.104 of title 49, Code of Federal Regulations (or
3 a successor regulation).

4 “(6) REVIEW.—

5 “(A) IN GENERAL.—Not less than once
6 every 3 years, the Secretary shall—

7 “(i) review the minimum fuel economy
8 standards in effect for tires under this sub-
9 section; and

10 “(ii) subject to subparagraph (B), re-
11 vise the standards as necessary to ensure
12 compliance with standards described in
13 paragraph (4).

14 “(B) LIMITATION.—The Secretary may
15 not reduce the average fuel economy standards
16 applicable to replacement tires.

17 “(7) NO PREEMPTION OF STATE LAW.—Noth-
18 ing in this section shall be construed to preempt any
19 provision of State law relating to higher fuel econ-
20 omy standards applicable to replacement tires de-
21 signed for use on passenger cars and light trucks.

22 “(8) EXCEPTIONS.—Nothing in this section
23 shall apply to—

24 “(A) a tire or group of tires with the same
25 stock keeping unit, plant, and year, for which

1 the volume of tires produced or imported is less
2 than 15,000 annually;

3 “(B) a deep tread, winter-type snow tire,
4 space-saver tire, or temporary use spare tire;

5 “(C) a tire with a normal rim diameter of
6 12 inches or less;

7 “(D) a motorcycle tire; or

8 “(E) a tire manufactured specifically for
9 use in an off-road motorized recreational vehi-
10 cle.”.

11 (b) CONFORMING AMENDMENT.—Section
12 30103(b)(1) of title 49, United States Code, is amended
13 by striking “When” and inserting “Except as provided in
14 section 30123(d), if”.

15 (c) TIME FOR IMPLEMENTATION.—Beginning not
16 later than March 31, 2008, the Secretary of Transpor-
17 tation shall administer the national tire fuel efficiency pro-
18 gram established under section 30123(d) of title 49,
19 United States Code, in accordance with the policies, proce-
20 dures, and standards developed under section 30123(d)(3)
21 of such title.

22 (d) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated, for each of fiscal years
24 2007 through 2011, such sums as may be necessary to

1 carry out section 30123(d) of title 49, United States Code,
2 as added by subsection (a).

3 **SEC. 202. REDUCTION OF SCHOOL BUS IDLING.**

4 (a) STATEMENT OF POLICY.—Congress encourages
5 each local educational agency (as defined in section
6 9101(26) of the Elementary and Secondary Education Act
7 of 1965 (20 U.S.C. 7801(26))) that receives Federal funds
8 under the Elementary and Secondary Education Act of
9 1965 (20 U.S.C. 6301 et seq.) to develop a policy to re-
10 duce the incidence of school bus idling at schools while
11 picking up and unloading students.

12 (b) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated to the Administrator of
14 the Environmental Protection Agency, working in coordi-
15 nation with the Secretary of Education, \$5,000,000 for
16 each of fiscal years 2007 through 2012 for use in edu-
17 cating States and local education agencies about—

18 (1) benefits of reducing school bus idling; and

19 (2) ways in which school bus idling may be re-
20 duced.

21 **SEC. 203. FUEL EFFICIENCY FOR HEAVY DUTY TRUCKS.**

22 Part C of subtitle VI of title 49, United States Code,
23 is amended by inserting after chapter 329 the following:

1 **“CHAPTER 330—HEAVY DUTY VEHICLE**
 2 **FUEL ECONOMY STANDARDS**

“CHAPTER 330—HEAVY DUTY VEHICLE FUEL ECONOMY STANDARDS

“Sec.

“33001. Purpose and policy.

“33002. Definition.

“33003. Testing and assessment.

“33004. Standards.

“33005. Authorization of appropriations.

3 **“§ 33001. Purpose and policy**

4 “The purpose of this chapter is to reduce petroleum
 5 consumption by heavy duty motor vehicles.

6 **“§ 33002. Definition**

7 “In this chapter, the term ‘heavy duty motor vehi-
 8 cle’—

9 “(1) means a vehicle having a gross vehicle
 10 weight rating of at least 10,000 pounds that is driv-
 11 en or drawn by mechanical power and manufactured
 12 primarily for use on public streets, roads, and high-
 13 ways; and

14 “(2) does not include a vehicle operated only on
 15 a rail line.

16 **“§ 33003. Testing and assessment**

17 “(a) GENERAL REQUIREMENTS.—The Administrator
 18 of the Environmental Protection Agency (referred to in
 19 this section as the ‘Administrator’) shall develop and co-
 20 ordinate a national testing and assessment program to—

1 “(1) determine the fuel economy of heavy duty
2 vehicles; and

3 “(2) assess the fuel efficiency attainable
4 through available technology.

5 “(b) TESTING.—The Administrator shall—

6 “(1) design a National testing program to as-
7 sess the fuel economy of heavy duty vehicles (based
8 on the program for light duty vehicles); and

9 “(2) implement the program described in para-
10 graph (1) not later than 18 months after the date
11 of enactment of this chapter.

12 “(c) ASSESSMENT.—The Administrator shall consult
13 with the Secretary of Transportation on the assessment
14 of available technologies to enhance the fuel efficiency of
15 heavy duty vehicles to ensure that vehicle use and needs
16 are considered appropriately in the assessment.

17 “(d) REPORTING.—The Administrator shall—

18 “(1) not later than 2 years after the date of en-
19 actment of this chapter, submit a report to Congress
20 regarding the results of the assessment of available
21 technologies to improve the fuel efficiency of heavy
22 duty vehicles.

23 “(2) submit a report to Congress, at least bian-
24 nually, that addresses the fuel economy of heavy
25 duty vehicles; and

1 **“§ 33004. Standards**

2 “(a) GENERAL REQUIREMENTS.—Not later than 18
3 months after completing the testing and assessments
4 under section 33003, the Secretary of Transportation
5 shall prescribe average heavy duty vehicle fuel economy
6 standards. Each standard shall be the maximum feasible
7 average fuel economy level that the Secretary decides that
8 manufacturers can achieve in that model year. The Sec-
9 retary may prescribe separate standards for different
10 classes of heavy duty motor vehicles. The standards for
11 each model year shall be completed not later than 18
12 months before the beginning of each model year.

13 “(b) CONSIDERATIONS AND CONSULTATION.—In de-
14 termining maximum feasible average fuel economy, the
15 Secretary shall consider—

16 “(1) relevant available heavy duty motor vehicle
17 fuel consumption information;

18 “(2) technological feasibility;

19 “(3) economic practicability;

20 “(4) the desirability of reducing United States
21 dependence on oil;

22 “(5) the effects of average fuel economy stand-
23 ards on vehicle safety;

24 “(6) the effects of average fuel economy stand-
25 ards on levels of employment and competitiveness of
26 manufacturers; and

1 “(7) the extent to which the standard will carry
2 out the purpose described in section 33001.

3 “(c) COOPERATION.—The Secretary may advise, as-
4 sist, and cooperate with departments, agencies, and in-
5 strumentalities of the United States Government, States,
6 and other public and private agencies in developing fuel
7 economy standards for heavy duty motor vehicles.

8 “(d) EFFECTIVE DATES OF STANDARDS.—The Sec-
9 retary shall specify the effective date and model years of
10 each heavy duty motor vehicle fuel economy standard pre-
11 scribed under this chapter.

12 “(e) 5-Year Plan for Testing Standards.—The Sec-
13 retary shall establish, periodically review, and continually
14 update a 5-year plan for testing heavy duty motor vehicle
15 fuel economy standards prescribed under this chapter. In
16 developing and establishing testing priorities, the Sec-
17 retary shall consider factors the Secretary considers ap-
18 propriate, consistent with the purpose described in section
19 33001 and the Secretary’s other duties and powers under
20 this chapter.

21 **“§ 33005. Authorization of appropriations**

22 “‘There are authorized to be appropriated, for each
23 of fiscal years 2007 through 2011, such sums as may be
24 necessary to carry out this chapter.’”.

1 **SEC. 204. IDLING REDUCTION TAX CREDIT.**

2 (a) IN GENERAL.—Subpart D of part IV of sub-
3 chapter A of chapter 1 of the Internal Revenue Code of
4 1986 (relating to business-related credits) is amended by
5 adding at the end the following new section:

6 **“SEC. 45N. IDLING REDUCTION CREDIT.**

7 “(a) GENERAL RULE.—For purposes of section 38,
8 the idling reduction tax credit determined under this sec-
9 tion for the taxable year is an amount equal to 50 percent
10 of the amount paid or incurred for each qualifying idling
11 reduction device placed in service by the taxpayer during
12 the taxable year.

13 “(b) LIMITATION.—The maximum amount allowed as
14 a credit under subsection (a) shall not exceed \$3,500 per
15 device.

16 “(c) DEFINITIONS.—For purposes of subsection
17 (a)—

18 “(1) QUALIFYING IDLING REDUCTION DE-
19 VICE.—The term ‘qualifying idling reduction device’
20 means any device or system of devices that—

21 “(A) is installed on a heavy-duty diesel-
22 powered on-highway vehicle,

23 “(B) is designed to provide to such vehicle
24 those services (such as heat, air conditioning, or
25 electricity) that would otherwise require the op-

1 eration of the main drive engine while the vehi-
2 cle is temporarily parked or remains stationary,

3 “(C) the original use of which commences
4 with the taxpayer,

5 “(D) is acquired for use by the taxpayer
6 and not for resale, and

7 “(E) is certified by the Secretary of En-
8 ergy, in consultation with the Administrator of
9 the Environmental Protection Agency and the
10 Secretary of Transportation, to reduce long-du-
11 ration idling of such vehicle at a motor vehicle
12 rest stop or other location where such vehicles
13 are temporarily parked or remain stationary.

14 “(2) HEAVY-DUTY DIESEL-POWERED ON-HIGH-
15 WAY VEHICLE.—The term ‘heavy-duty diesel-pow-
16 ered on-highway vehicle’ means any vehicle, ma-
17 chine, tractor, trailer, or semi-trailer propelled or
18 drawn by mechanical power and used upon the high-
19 ways in the transportation of passengers or prop-
20 erty, or any combination thereof determined by the
21 Federal Highway Administration.

22 “(3) LONG-DURATION IDLING.—The term ‘long-
23 duration idling’ means the operation of a main drive
24 engine, for a period greater than 15 consecutive
25 minutes, where the main drive engine is not engaged

1 in gear. Such term does not apply to routine stop-
2 pages associated with traffic movement or conges-
3 tion.

4 “(d) NO DOUBLE BENEFIT.—For purposes of this
5 section—

6 “(1) REDUCTION IN BASIS.—If a credit is de-
7 termined under this section with respect to any
8 property by reason of expenditures described in sub-
9 section (a), the basis of such property shall be re-
10 duced by the amount of the credit so determined.

11 “(2) OTHER DEDUCTIONS AND CREDITS.—No
12 deduction or credit shall be allowed under any other
13 provision of this chapter with respect to the amount
14 of the credit determined under this section.

15 “(e) ELECTION NOT TO CLAIM CREDIT.—This sec-
16 tion shall not apply to a taxpayer for any taxable year
17 if such taxpayer elects to have this section not apply for
18 such taxable year.”.

19 (b) CREDIT TO BE PART OF GENERAL BUSINESS
20 CREDIT.—Subsection (b) of section 38 of such Code (re-
21 lating to general business credit) is amended by striking
22 “plus” at the end of paragraph (25), by striking the period
23 at the end of paragraph (26) and inserting “, plus” , and
24 by adding at the end the following new paragraph:

1 “(27) the idling reduction tax credit determined
2 under section 45N(a).”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) The table of sections for subpart D of part
5 IV of subchapter A of chapter 1 of such Code is
6 amended by inserting after the item relating to sec-
7 tion 45M the following new item:

 “Sec. 45N. Idling reduction credit.”.

8 (2) Section 1016(a) of such Code is amended
9 by striking “and” at the end of paragraph (35), by
10 striking the period at the end of paragraph (36) and
11 inserting “, and”, and by adding at the end the fol-
12 lowing:

13 “(37) in the case of a facility with respect to
14 which a credit was allowed under section 45N, to the
15 extent provided in section 45N(d)(A).”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2004.

19 (e) DETERMINATION OF CERTIFICATION STANDARDS
20 BY SECRETARY OF ENERGY FOR CERTIFYING IDLING RE-
21 DUCTION DEVICES.—Not later than 6 months after the
22 date of the enactment of this Act and in order to reduce
23 air pollution and fuel consumption, the Secretary of En-
24 ergy, in consultation with the Administrator of the Envi-
25 ronmental Protection Agency and the Secretary of Trans-

1 portation, shall publish the standards under which the
2 Secretary, in consultation with the Administrator of the
3 Environmental Protection Agency and the Secretary of
4 Transportation, will, for purposes of section 45N of the
5 Internal Revenue Code of 1986 (as added by this section),
6 certify the idling reduction devices which will reduce long-
7 duration idling of vehicles at motor vehicle rest stops or
8 other locations where such vehicles are temporarily parked
9 or remain stationary in order to reduce air pollution and
10 fuel consumption.

11 **SEC. 205. NEAR-TERM VEHICLE TECHNOLOGY PROGRAM.**

12 (a) PURPOSES.—The purposes of this section are—

13 (1) to enable and promote, in partnership with
14 industry, comprehensive development, demonstra-
15 tion, and commercialization of a wide range of elec-
16 tric drive components, systems, and vehicles using
17 diverse electric drive transportation technologies;

18 (2) to make critical public investments to help
19 private industry, institutions of higher education,
20 National Laboratories, and research institutions to
21 expand innovation, industrial growth, and jobs in the
22 United States;

23 (3) to expand the availability of the existing
24 electric infrastructure for fueling light duty trans-
25 portation and other on-road and nonroad vehicles

1 that are using petroleum and are mobile sources of
2 emissions—

3 (A) including the more than 3,000,000 re-
4 ported units (such as electric forklifts, golf
5 carts, and similar nonroad vehicles) in use on
6 the date of enactment of this Act; and

7 (B) with the goal of enhancing the energy
8 security of the United States, reduce depend-
9 ence on imported oil, and reduce emissions
10 through the expansion of grid supported mobil-
11 ity;

12 (4) to accelerate the widespread commercializa-
13 tion of all types of electric drive vehicle technology
14 into all sizes and applications of vehicles, including
15 commercialization of plug-in hybrid electric vehicles
16 and plug-in hybrid fuel cell vehicles; and

17 (5) to improve the energy efficiency of and re-
18 duce the petroleum use in transportation.

19 (b) DEFINITIONS.—In this section:

20 (1) BATTERY.—The term “battery” means an
21 energy storage device used in an on-road or nonroad
22 vehicle powered in whole or in part using an off-
23 board or on-board source of electricity.

1 (2) ELECTRIC DRIVE TRANSPORTATION TECH-
2 NOLOGY.—The term “electric drive transportation
3 technology” means—

4 (A) vehicles that use an electric motor for
5 all or part of their motive power and that may
6 or may not use off-board electricity, including
7 battery electric vehicles, fuel cell vehicles, en-
8 gine dominant hybrid electric vehicles, plug-in
9 hybrid electric vehicles, plug-in hybrid fuel cell
10 vehicles, and electric rail; or

11 (B) equipment relating to transportation
12 or mobile sources of air pollution that use an
13 electric motor to replace an internal combustion
14 engine for all or part of the work of the equip-
15 ment, including corded electric equipment
16 linked to transportation or mobile sources of air
17 pollution.

18 (3) ENGINE DOMINANT HYBRID ELECTRIC VE-
19 HICLE.—The term “engine dominant hybrid electric
20 vehicle” means an on-road or nonroad vehicle—

21 (A) this—

22 (i) is propelled by an internal combus-
23 tion engine or heat engine using—

24 (I) any combustible fuel;

1 (II) an on-board, rechargeable
2 storage device; and

3 (B) has no means of using an off-board
4 source of electricity.

5 (4) FUEL CELL VEHICLE.—The term “fuel cell
6 vehicle” means an on-road or nonroad vehicle that
7 uses a fuel cell (as defined in section 3 of the Spark
8 M. Matsunaga Hydrogen Research, Development,
9 and Demonstration Act of 1990).

10 (5) NONROAD VEHICLE.—The term “nonroad
11 vehicle” has the meaning given the term in section
12 216 of the Clean Air Act (42 U.S.C. 7550).

13 (6) PLUG-IN HYBRID ELECTRIC VEHICLE.—The
14 term “plug-in hybrid electric vehicle” means an on-
15 road or nonroad vehicle that is propelled by an inter-
16 nal combustion engine or heat engine using—

17 (A) any combustible fuel;

18 (B) an on-board, rechargeable storage de-
19 vice; and

20 (C) a means of using an off-board source
21 of electricity.

22 (7) PLUG-IN HYBRID FUEL CELL VEHICLE.—
23 The term “plug-in hybrid fuel cell vehicle” means a
24 fuel cell vehicle with a battery powered by an off-
25 board source of electricity.

1 (c) PROGRAM.—The Secretary shall conduct a pro-
2 gram of research, development, demonstration, and com-
3 mercial application for electric drive transportation tech-
4 nology, including—

5 (1) high capacity, high efficiency batteries;

6 (2) high efficiency on-board and off-board
7 charging components;

8 (3) high power drive train systems for pas-
9 senger and commercial vehicles and for nonroad
10 equipment;

11 (4) control system development and power train
12 development and integration for plug-in hybrid elec-
13 tric vehicles, plug-in hybrid fuel cell vehicles, and en-
14 gine dominant hybrid electric vehicles, including—

15 (A) development of efficient cooling sys-
16 tems;

17 (B) analysis and development of control
18 systems that minimize the emissions profile
19 when clean diesel engines are part of a plug-in
20 hybrid drive system; and

21 (C) development of different control sys-
22 tems that optimize for different goals, includ-
23 ing—

24 (i) battery life;

1 (ii) reduction of petroleum consump-
2 tion; and

3 (iii) green house gas reduction;

4 (5) nanomaterial technology applied to both
5 battery and fuel cell systems;

6 (6) large-scale demonstrations, testing, and
7 evaluation of plug-in hybrid electric vehicles in dif-
8 ferent applications with different batteries and con-
9 trol systems, including—

10 (A) military applications;

11 (B) mass market passenger and light-duty
12 truck applications;

13 (C) private fleet applications; and

14 (D) medium- and heavy-duty applications;

15 (7) a nationwide education strategy for electric
16 drive transportation technologies providing sec-
17 ondary and high school teaching materials and sup-
18 port for university education focused on electric
19 drive system and component engineering;

20 (8) development, in consultation with the Ad-
21 ministrator of the Environmental Protection Agency,
22 of procedures for testing and certification of criteria
23 pollutants, fuel economy, and petroleum use for
24 light-, medium-, and heavy-duty vehicle applications,
25 including consideration of—

1 (A) the vehicle and fuel as a system, not
2 just an engine; and

3 (B) nightly off-board charging; and

4 (9) advancement of battery and corded electric
5 transportation technologies in mobile source applica-
6 tions by—

7 (A) improvement in battery, drive train,
8 and control system technologies; and

9 (B) working with industry and the Admin-
10 istrator of the Environmental Protection Agen-
11 cy to—

12 (i) understand and inventory markets;

13 and

14 (ii) identify and implement methods of
15 removing barriers for existing and emerg-
16 ing applications.

17 (d) GOALS.—The goals of the electric drive transpor-
18 tation technology program established under subsection
19 (c) shall be to develop, in partnership with industry and
20 institutions of higher education, projects that focus on—

21 (1) innovative electric drive technology devel-
22 oped in the United States;

23 (2) growth of employment in the United States
24 in electric drive design and manufacturing;

1 (3) validation of the plug-in hybrid potential
2 through fleet demonstrations; and

3 (4) acceleration of fuel cell commercialization
4 through comprehensive development and commer-
5 cialization of the electric drive technology systems
6 that are the foundational technology of the fuel cell
7 vehicle system.

8 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
9 authorized to be appropriated to carry out this section
10 \$50,000,000 for each of fiscal years 2006 through 2015.

11 **SEC. 206. LIGHTWEIGHT MATERIALS RESEARCH AND DE-**
12 **VELOPMENT.**

13 (a) IN GENERAL.—As soon as practicable after the
14 date of enactment of this Act, the Secretary of Energy
15 shall establish a research and development program to de-
16 termine ways in which—

17 (1) the weight of vehicles may be reduced to im-
18 prove fuel efficiency without compromising pas-
19 senger safety; and

20 (2) the cost of lightweight materials (such as
21 steel alloys and carbon fibers) required for the con-
22 struction of lighter-weight vehicles may be reduced.

23 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
24 authorized to be appropriated to carry out this section
25 \$50,000,000 for each of fiscal years 2007 through 2012.

1 **SEC. 207. HYBRID AND ADVANCED DIESEL VEHICLES.**

2 (a) HYBRID VEHICLES.—The Energy Policy Act of
3 2005 is amended by striking section 711 (42 U.S.C.
4 16061) and inserting the following:

5 **“SEC. 711. HYBRID VEHICLES.**

6 “(a) DEFINITIONS.—In this section:

7 “(1) COST.—The term ‘cost’ has the meaning
8 given the term ‘cost of a loan guarantee’ within the
9 meaning of section 502(5)(C) of the Federal Credit
10 Reform Act of 1990 (2 U.S.C. 661a(5)(C)).

11 “(2) ELIGIBLE PROJECT.—The term ‘eligible
12 project’ means a project to—

13 “(A) improve hybrid technologies under
14 subsection (b); or

15 “(B) encourage domestic production of ef-
16 ficient hybrid and advanced diesel vehicles
17 under section 712(a).

18 “(3) GUARANTEE.—

19 “(A) IN GENERAL.—The term ‘guarantee’
20 has the meaning given the term ‘loan guar-
21 antee’ in section 502 of the Federal Credit Re-
22 form Act of 1990 (2 U.S.C. 661a).

23 “(B) INCLUSION.—The term ‘guarantee’
24 includes a loan guarantee commitment (as de-
25 fined in section 502 of the Federal Credit Re-
26 form Act of 1990 (2 U.S.C. 661a)).

1 “(4) HYBRID TECHNOLOGY.—The term ‘hybrid
2 technology’ means a battery or other rechargeable
3 energy storage system, power electronic, hybrid sys-
4 tems integration, and any other technology for use
5 in hybrid vehicles.

6 “(5) OBLIGATION.—The term ‘obligation’
7 means the loan or other debt obligation that is guar-
8 anteed under this section.

9 “(b) AUTHORIZATION.—The Secretary shall accel-
10 erate efforts directed toward the improvement of hybrid
11 technologies, including through the provision of loan guar-
12 antees under subsection (c).

13 “(c) LOAN GUARANTEES.—

14 “(1) IN GENERAL.—The Secretary shall make
15 guarantees under this section for eligible projects on
16 such terms and conditions as the Secretary, in con-
17 sultation with the Secretary of the Treasury, deter-
18 mines to be appropriate.

19 “(2) SPECIFIC APPROPRIATION OR CONTRIBU-
20 TION.—No guarantee shall be made unless—

21 “(A) an appropriation for the cost has
22 been made; or

23 “(B) the Secretary has received from the
24 borrower a payment in full for the cost of the

1 obligation and deposited the payment into the
2 Treasury.

3 “(3) AMOUNT.—Unless otherwise provided by
4 law, a guarantee by the Secretary shall not exceed
5 an amount equal to 80 percent of the project cost
6 of the hybrid technology that is the subject of the
7 guarantee, as estimated at the time at which the
8 guarantee is issued.

9 “(4) REPAYMENT.—

10 “(A) IN GENERAL.—No guarantee shall be
11 made unless the Secretary determines that
12 there is a reasonable prospect of repayment of
13 the principal and interest on the obligation by
14 the borrower.

15 “(B) AMOUNT.—No guarantee shall be
16 made unless the Secretary determines that the
17 amount of the obligation (when combined with
18 amounts available to the borrower from other
19 sources) will be sufficient to carry out the
20 project.

21 “(C) SUBORDINATION.—The obligation
22 shall be subject to the condition that the obliga-
23 tion is not subordinate to other financing.

24 “(5) INTEREST RATE.—An obligation shall bear
25 interest at a rate that does not exceed a level that

1 the Secretary determines appropriate, taking into
2 account the prevailing rate of interest in the private
3 sector for similar loans and risks.

4 “(6) TERM.—The term of an obligation shall
5 require full repayment over a period not to exceed
6 the lesser of—

7 “(A) 30 years; or

8 “(B) 90 percent of the projected useful life
9 of the physical asset to be financed by the obli-
10 gation (as determined by the Secretary).

11 “(7) DEFAULTS.—

12 “(A) PAYMENT BY SECRETARY.—

13 “(i) IN GENERAL.—If a borrower de-
14 faults on the obligation (as defined in reg-
15 ulations promulgated by the Secretary and
16 specified in the guarantee contract), the
17 holder of the guarantee shall have the
18 right to demand payment of the unpaid
19 amount from the Secretary.

20 “(ii) PAYMENT REQUIRED.—Within
21 such period as may be specified in the
22 guarantee or related agreements, the Sec-
23 retary shall pay to the holder of the guar-
24 antee the unpaid interest on, and unpaid
25 principal of the obligation as to which the

1 borrower has defaulted, unless the Sec-
2 retary finds that—

3 “(I) there was no default by the
4 borrower in the payment of interest or
5 principal; or

6 “(II) the default has been rem-
7 edied.

8 “(iii) FORBEARANCE.—Nothing in
9 this subsection precludes any forbearance
10 by the holder of the obligation for the ben-
11 efit of the borrower that may be agreed
12 upon by the parties to the obligation and
13 approved by the Secretary.

14 “(B) SUBROGATION.—

15 “(i) IN GENERAL.—If the Secretary
16 makes a payment under subparagraph (A),
17 the Secretary shall be subrogated to the
18 rights of the recipient of the payment as
19 specified in the guarantee or related agree-
20 ments including, where appropriate, the
21 authority (notwithstanding any other pro-
22 vision of law) to—

23 “(I) complete, maintain, operate,
24 lease, or otherwise dispose of any

1 property acquired pursuant to the
2 guarantee or related agreements; or

3 “(II) permit the borrower, pursu-
4 ant to an agreement with the Sec-
5 retary, to continue to pursue the pur-
6 poses of the eligible project, as the
7 Secretary determines to be in the pub-
8 lic interest.

9 “(ii) SUPERIORITY OF RIGHTS.—The
10 rights of the Secretary, with respect to any
11 property acquired pursuant to a guarantee
12 or related agreement, shall be superior to
13 the rights of any other person with respect
14 to the property.

15 “(iii) TERMS AND CONDITIONS.—A
16 guarantee agreement shall include such de-
17 tailed terms and conditions as the Sec-
18 retary determines appropriate to—

19 “(I) protect the interests of the
20 United States in the case of default;
21 and

22 “(II) have available all the pat-
23 ents and technology necessary for any
24 person selected, including the Sec-

1 retary, to complete and operate the el-
2 igible project.

3 “(C) PAYMENT OF PRINCIPAL AND INTER-
4 EST BY SECRETARY.—With respect to any obli-
5 gation guaranteed under this section, the Sec-
6 retary may enter into a contract to pay, and
7 pay, holders of the obligation, for and on behalf
8 of the borrower, from funds appropriated for
9 that purpose, the principal and interest pay-
10 ments that become due and payable on the un-
11 paid balance of the obligation if the Secretary
12 finds that—

13 “(i)(I) the borrower is unable to meet
14 the payments and is not in default;

15 “(II) it is in the public interest to per-
16 mit the borrower to continue to pursue the
17 purposes of the eligible project; and

18 “(III) the probable net benefit to the
19 Federal Government in paying the prin-
20 cipal and interest will be greater than the
21 benefit that would result in the event of a
22 default;

23 “(ii) the amount of the payment that
24 the Secretary is authorized to pay will be
25 no greater than the amount of principal

1 and interest that the borrower is obligated
2 to pay under the agreement being guaran-
3 teed; and

4 “(iii) the borrower agrees to reim-
5 burse the Secretary for the payment (in-
6 cluding interest) on terms and conditions
7 that are satisfactory to the Secretary.

8 “(D) ACTION BY ATTORNEY GENERAL.—

9 “(i) NOTIFICATION.—If the borrower
10 defaults on an obligation, the Secretary
11 shall notify the Attorney General of the de-
12 fault.

13 “(ii) RECOVERY.—On receipt of noti-
14 fication, the Attorney General shall take
15 such action as the Attorney General deter-
16 mines to be appropriate to recover the un-
17 paid principal and interest due from—

18 “(I) such assets of the defaulting
19 borrower as are associated with the
20 obligation; or

21 “(II) any other security pledged
22 to secure the obligation.

23 “(8) FEES.—

24 “(A) IN GENERAL.—The Secretary shall
25 charge and collect fees for guarantees in

1 amounts the Secretary determines are sufficient
2 to cover applicable administrative expenses.

3 “(B) AVAILABILITY.—Fees collected under
4 this paragraph shall—

5 “(i) be deposited by the Secretary into
6 the Treasury; and

7 “(ii) remain available until expended,
8 subject to such other conditions as are con-
9 tained in annual appropriations Acts.

10 “(9) RECORDS; AUDITS.—

11 “(A) IN GENERAL.—A recipient of a guar-
12 antee shall keep such records and other perti-
13 nent documents as the Secretary shall prescribe
14 by regulation, including such records as the
15 Secretary may require to facilitate an effective
16 audit.

17 “(B) ACCESS.—The Secretary and the
18 Comptroller General of the United States, or
19 their duly authorized representatives, shall have
20 access, for the purpose of audit, to the records
21 and other pertinent documents.

22 “(10) FULL FAITH AND CREDIT.—The full
23 faith and credit of the United States is pledged to
24 the payment of all guarantees issued under this sec-
25 tion with respect to principal and interest.

1 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated such sums as are nec-
3 essary to provide the cost of guarantees under this sec-
4 tion.”.

5 (b) EFFICIENT HYBRID AND ADVANCED DIESEL VE-
6 HICLES.—Section 712(a) of the Energy Policy Act of 2005
7 (42 U.S.C. 16062(a)) is amended in the second sentence
8 by striking “grants to automobile manufacturers” and in-
9 serting “grants and the provision of loan guarantees under
10 section 711(c) to automobile manufacturers and sup-
11 pliers”.

12 **SEC. 208. ADVANCED TECHNOLOGY MOTOR VEHICLES MAN-**
13 **UFACTURING CREDIT.**

14 (a) IN GENERAL.—Subpart B of part IV of sub-
15 chapter A of chapter 1 of the Internal Revenue Code of
16 1986 (relating to foreign tax credit, etc.) is amended by
17 adding at the end the following new section:

18 **“SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES**
19 **MANUFACTURING CREDIT.**

20 “(a) CREDIT ALLOWED.—There shall be allowed as
21 a credit against the tax imposed by this chapter for the
22 taxable year an amount equal to 35 percent of so much
23 of the qualified investment of an eligible taxpayer for such
24 taxable year as does not exceed \$50,000,000.

1 “(b) QUALIFIED INVESTMENT.—For purposes of this
2 section—

3 “(1) IN GENERAL.—The qualified investment
4 for any taxable year is equal to the incremental costs
5 incurred during such taxable year—

6 “(A) to re-equip, expand, or establish any
7 manufacturing facility of the eligible taxpayer
8 to produce advanced technology motor vehicles
9 or to produce eligible components,

10 “(B) for engineering integration of such
11 vehicles and components as described in sub-
12 section (d), and

13 “(C) for research and development related
14 to advanced technology motor vehicles and eligi-
15 ble components.

16 “(2) ATTRIBUTION RULES.—In the event a fa-
17 cility of the eligible taxpayer produces both advanced
18 technology motor vehicles and conventional motor
19 vehicles, or eligible and non-eligible components, only
20 the qualified investment attributable to production
21 of advanced technology motor vehicles and eligible
22 components shall be taken into account.

23 “(c) ADVANCED TECHNOLOGY MOTOR VEHICLES
24 AND ELIGIBLE COMPONENTS.—For purposes of this sec-
25 tion—

1 “(1) ADVANCED TECHNOLOGY MOTOR VEHI-
2 CLE.—The term ‘advanced technology motor vehicle’
3 means—

4 “(A) any new advanced lean burn tech-
5 nology motor vehicle (as defined in section
6 30B(c)(3)), or

7 “(B) any new qualified hybrid motor vehi-
8 cle (as defined in section 30B(d)(3)(A) and de-
9 termined without regard to any gross vehicle
10 weight rating).

11 “(2) ELIGIBLE COMPONENTS.—The term ‘eligi-
12 ble component’ means any component inherent to
13 any advanced technology motor vehicle, including—

14 “(A) with respect to any gasoline or diesel-
15 electric new qualified hybrid motor vehicle—

16 “(i) electric motor or generator,

17 “(ii) power split device,

18 “(iii) power control unit,

19 “(iv) power controls,

20 “(v) integrated starter generator, or

21 “(vi) battery,

22 “(B) with respect to any hydraulic new
23 qualified hybrid motor vehicle—

24 “(i) hydraulic accumulator vessel,

25 “(ii) hydraulic pump, or

1 “(iii) hydraulic pump-motor assembly,
2 “(C) with respect to any new advanced
3 lean burn technology motor vehicle—

4 “(i) diesel engine,

5 “(ii) turbocharger,

6 “(iii) fuel injection system, or

7 “(iv) after-treatment system, such as
8 a particle filter or NOx absorber, and

9 “(D) with respect to any advanced tech-
10 nology motor vehicle, any other component sub-
11 mitted for approval by the Secretary.

12 “(d) ENGINEERING INTEGRATION COSTS.—For pur-
13 poses of subsection (b)(1)(B), costs for engineering inte-
14 gration are costs incurred prior to the market introduction
15 of advanced technology vehicles for engineering tasks re-
16 lated to—

17 “(1) establishing functional, structural, and
18 performance requirements for component and sub-
19 systems to meet overall vehicle objectives for a spe-
20 cific application,

21 “(2) designing interfaces for components and
22 subsystems with mating systems within a specific ve-
23 hicle application,

24 “(3) designing cost effective, efficient, and reli-
25 able manufacturing processes to produce components

1 and subsystems for a specific vehicle application,
2 and

3 “(4) validating functionality and performance of
4 components and subsystems for a specific vehicle ap-
5 plication.

6 “(e) ELIGIBLE TAXPAYER.—For purposes of this sec-
7 tion, the term ‘eligible taxpayer’ means any taxpayer if
8 more than 50 percent of its gross receipts for the taxable
9 year is derived from the manufacture of motor vehicles
10 or any component parts of such vehicles.

11 “(f) LIMITATION BASED ON AMOUNT OF TAX.—The
12 credit allowed under subsection (a) for the taxable year
13 shall not exceed the excess of—

14 “(1) the sum of—

15 “(A) the regular tax liability (as defined in
16 section 26(b)) for such taxable year, plus

17 “(B) the tax imposed by section 55 for
18 such taxable year and any prior taxable year
19 beginning after 1986 and not taken into ac-
20 count under section 53 for any prior taxable
21 year, over

22 “(2) the sum of the credits allowable under sub-
23 part A and sections 27, 30, and 30B for the taxable
24 year.

1 “(g) REDUCTION IN BASIS.—For purposes of this
2 subtitle, if a credit is allowed under this section for any
3 expenditure with respect to any property, the increase in
4 the basis of such property which would (but for this para-
5 graph) result from such expenditure shall be reduced by
6 the amount of the credit so allowed.

7 “(h) NO DOUBLE BENEFIT.—

8 “(1) COORDINATION WITH OTHER DEDUCTIONS
9 AND CREDITS.—Except as provided in paragraph
10 (2), the amount of any deduction or other credit al-
11 lowable under this chapter for any cost taken into
12 account in determining the amount of the credit
13 under subsection (a) shall be reduced by the amount
14 of such credit attributable to such cost.

15 “(2) RESEARCH AND DEVELOPMENT COSTS.—

16 “(A) IN GENERAL.—Except as provided in
17 subparagraph (B), any amount described in
18 subsection (b)(1)(C) taken into account in de-
19 termining the amount of the credit under sub-
20 section (a) for any taxable year shall not be
21 taken into account for purposes of determining
22 the credit under section 41 for such taxable
23 year.

24 “(B) COSTS TAKEN INTO ACCOUNT IN DE-
25 TERMINING BASE PERIOD RESEARCH EX-

1 PENSES.—Any amounts described in subsection
2 (b)(1)(C) taken into account in determining the
3 amount of the credit under subsection (a) for
4 any taxable year which are qualified research
5 expenses (within the meaning of section 41(b))
6 shall be taken into account in determining base
7 period research expenses for purposes of apply-
8 ing section 41 to subsequent taxable years.

9 “(i) BUSINESS CARRYOVERS ALLOWED.—If the cred-
10 it allowable under subsection (a) for a taxable year exceeds
11 the limitation under subsection (f) for such taxable year,
12 such excess (to the extent of the credit allowable with re-
13 spect to property subject to the allowance for depreciation)
14 shall be allowed as a credit carryback and carryforward
15 under rules similar to the rules of section 39.

16 “(j) SPECIAL RULES.—For purposes of this section,
17 rules similar to the rules of paragraphs (4) and (5) of sec-
18 tion 179A(e) and paragraphs (1) and (2) of section 41(f)
19 shall apply

20 “(k) ELECTION NOT TO TAKE CREDIT.—No credit
21 shall be allowed under subsection (a) for any property if
22 the taxpayer elects not to have this section apply to such
23 property.

1 “(l) REGULATIONS.—The Secretary shall prescribe
2 such regulations as necessary to carry out the provisions
3 of this section.

4 “(m) TERMINATION.—This section shall not apply to
5 any qualified investment after December 31, 2015.”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 1016(a) of the Internal Revenue
8 Code of 1986 is amended by striking “and” at the
9 end of paragraph (36), by striking the period at the
10 end of paragraph (37) and inserting “, and”, and by
11 adding at the end the following new paragraph:

12 “(38) to the extent provided in section
13 30D(g).”.

14 (2) Section 6501(m) of such Code is amended
15 by inserting “30D(k),” after “30C(e)(5),”.

16 (3) The table of sections for subpart B of part
17 IV of subchapter A of chapter 1 of such Code is
18 amended by inserting after the item relating to sec-
19 tion 30C the following new item:

“Sec. 30D. Advanced technology motor vehicles manufacturing credit.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to amounts incurred in taxable
22 years beginning after December 31, 2005.

1 **SEC. 209. CONSUMER INCENTIVES TO PURCHASE AD-**
2 **VANCED TECHNOLOGY VEHICLES.**

3 (a) NEW QUALIFIED FLEXIBLE FUEL HYBRID AND
4 PLUG-IN HYBRID MOTOR VEHICLE CREDIT.—

5 (1) 2002 MODEL YEAR CITY FUEL ECONOMY.—

6 Section 30B(c)(2)(ii) of Subpart B of part IV of
7 subchapter A of chapter 1 of the Internal Revenue
8 Code of 1986 (relating to foreign tax credit, etc.) is
9 amended to read as follows:

10 “(ii) 2002 MODEL YEAR CITY FUEL
11 ECONOMY.—For purposes of this section,
12 the 2002 model year city fuel economy
13 with respect to a vehicle shall be deter-
14 mined on a gasoline equivalent basis as de-
15 termined by the Administrator of the Envi-
16 ronmental Protection Agency using the ta-
17 bles provided in subsection (b)(2)(B) with
18 respect to such vehicle. For purposes of
19 GEM flexible hybrid vehicles, plug-in hy-
20 brid electric vehicles, and GEM flexible
21 plug-in hybrid vehicles, the Administrator
22 of the Environmental Protection Agency
23 shall develop a city fuel economy test that
24 does not convert the non-petroleum fuel
25 use into gasoline gallon equivalent and in-
26 cludes full electric miles from full daily re-

1 charging from off-board electricity or a
 2 probability of daily use of non-petroleum
 3 fuel. GEM flexible hybrid vehicles, plug-in
 4 hybrid electric vehicles, and GEM flexible
 5 plug-in hybrid vehicles have the same
 6 meaning as provided in section 30E. ”.

7 (2) NEW QUALIFIED FLEXIBLE FUEL HYBRID
 8 AND PLUG-IN HYBRID MOTOR VEHICLE CREDIT.—

9 (A) IN GENERAL.—Subpart B of part IV
 10 of subchapter A of chapter 1 of the Internal
 11 Revenue Code of 1986 (relating to foreign tax
 12 credit, etc.) is amended by adding at the end
 13 the following new section:

14 **“SEC. 30E. NEW QUALIFIED FLEXIBLE FUEL HYBRID AND**
 15 **PLUG-IN HYBRID MOTOR VEHICLE CREDIT.**

16 “(a) ALLOWANCE OF CREDIT.—There shall be al-
 17 lowed as a credit against the tax imposed by this chapter
 18 for the taxable year an amount equal to the sum of the
 19 new qualified GEM flexible hybrid and plug-in hybrid elec-
 20 tric vehicle credit.

21 “(b) NEW QUALIFIED GEM FLEXIBLE HYBRID AND
 22 PLUG-IN HYBRID ELECTRIC VEHICLE CREDIT.—

23 “(1) IN GENERAL.—For the purposes of sub-
 24 section (a), the new qualified GEM flexible hybrid
 25 and plug-in hybrid electric vehicle credit determined

1 under this subsection for the taxable year is the
2 credit amount determined under paragraph (2) with
3 respect to a new qualified hybrid motor vehicle
4 placed in service by the taxpayer during the taxable
5 year.

6 “(2) CREDIT AMOUNT.—

7 “(A) IN GENERAL.—In the case of a plug-
8 in hybrid electric vehicle or GEM flexible plug-
9 in hybrid vehicle, which is a passenger auto-
10 mobile or light truck and which has a gross ve-
11 hicle weight rating of not more than 8,500
12 pounds, the amount determined under this
13 paragraph is the sum of the amounts deter-
14 mined under clauses (i) and (ii), as follows:

15 “(i) FUEL ECONOMY.—The amount
16 determined under this clause is twice the
17 amount which would be determined under
18 subsection 30B(c)(2)(A) if such vehicle
19 were a vehicle referred to in such sub-
20 section.

21 “(ii) CONSERVATION CREDIT.—The
22 amount determined under this clause is
23 twice the amount which would be deter-
24 mined under subsection 30B(c)(2)(B) if

1 such vehicle were a vehicle referred to in
2 such subsection.

3 “(B) CREDIT AMOUNT FOR NEW QUALI-
4 FIED GEM FLEXIBLE VEHICLE.—In the case of
5 a new qualified GEM flexible vehicle which is a
6 passenger automobile or light truck and which
7 has a gross vehicle weight rating of not more
8 than 8,500 pounds, the amount shall be \$300.

9 “(c) DEFINITIONS.—For purposes of this section—
10 “(1) E85.—The term ‘E85’ means a fuel blend
11 containing 85 percent ethanol and 15 percent gaso-
12 line by volume.

13 “(2) M85.—The term ‘M85’ means a fuel blend
14 containing 85 percent methanol and 15 percent gas-
15 oline by volume.

16 “(3) GEM FLEXIBLE VEHICLE.—The term
17 ‘GEM flexible vehicle’ means a motor vehicle
18 warranted by its manufacturer to operate on any
19 combination of gasoline, E85, and M85.

20 “(4) NEW QUALIFIED HYBRID MOTOR VEHI-
21 CLE.—The term ‘new qualified hybrid motor’ has
22 the same meaning as provided by section 30B(d).

23 “(5) GEM FLEXIBLE HYBRID VEHICLE.—The
24 term ‘GEM flexible hybrid vehicle’ means a motor

1 vehicle that is both a GEM flexible vehicle and a
2 new qualified hybrid motor vehicle.

3 “(6) PLUG-IN HYBRID ELECTRIC VEHICLE.—
4 The term ‘plug-in hybrid electric vehicle’ has the
5 same meaning as provided in section 213 of the Fuel
6 Choices for American Security Act of 2005.

7 “(7) GEM FLEXIBLE PLUG-IN HYBRID VEHI-
8 CLE.—The term ‘GEM flexible plug-in hybrid vehi-
9 cle’ means a motor vehicle that is both a GEM flexi-
10 ble vehicle and a plug-in hybrid electric vehicle.

11 “(d) TERMINATION.—This section shall not apply to
12 taxable years beginning after December 31, 2010.”.

13 (B) CLERICAL AMENDMENT.—The table of
14 sections for subpart B of part IV of subchapter
15 A of chapter 1 of the Internal Revenue Code of
16 1986 (relating to foreign tax credit, etc.) is
17 amended by adding at the end the following
18 new item:

“Sec. 30E. New qualified flexible fuel hybrid and plug-in hybrid motor vehicle
credit.”.

19 (b) ELIMINATION ON NUMBER OF NEW QUALIFIED
20 HYBRID AND ADVANCED LEAN BURN TECHNOLOGY VE-
21 HICLES ELIGIBLE FOR ALTERNATIVE MOTOR VEHICLE
22 CREDIT.—

23 (1) IN GENERAL.—Section 30B of the Internal
24 Revenue Code of 1986 is amended by striking sub-

1 section (f) and by redesignating subsections (g)
2 through (j) as subsections (f) through (i), respec-
3 tively.

4 (2) CONFORMING AMENDMENTS.—

5 (A) Paragraphs (4) and (6) of section
6 30B(h) of the Internal Revenue Code of 1986
7 are each amended by striking “(determined
8 without regard to subsection (g))” and inserting
9 “determined without regard to subsection (f)”.

10 (B) Section 38(b)(25) of such Code is
11 amended by striking “section 30B(g)(1)” and
12 inserting “section 30B(f)(1)”.

13 (C) Section 55(c)(2) of such Code is
14 amended by striking “section 30B(g)(2)” and
15 inserting “section 30B(f)(2)”.

16 (D) Section 1016(a)(36) of such Code is
17 amended by striking “section 30B(h)(4)” and
18 inserting “section 30B(g)(4)”.

19 (E) Section 6501(m) of such Code is
20 amended by striking “section 30B(h)(9)” and
21 inserting “section 30B(g)(9)”.

22 (c) EXTENSION OF ALTERNATIVE VEHICLE CREDIT
23 FOR NEW QUALIFIED HYBRID MOTOR VEHICLES.—Para-
24 graph (3) of section 30B(i) of the Internal Revenue Code
25 of 1986 (as redesignated by subsection (a)) is amended

1 by striking “December 31, 2009” and inserting “Decem-
2 ber 31, 2010”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to property placed in service after
5 December 31, 2005, in taxable years ending after such
6 date.

7 **SEC. 210. FEDERAL FLEET REQUIREMENTS.**

8 (a) REGULATIONS.—

9 (1) IN GENERAL.—The Secretary of Energy
10 shall issue regulations for Federal fleets subject to
11 the Energy Policy Act of 1992 (42 U.S.C. 13201 et
12 seq.) requiring that not later than fiscal year 2015
13 each Federal agency achieve at least a 20 percent
14 reduction in petroleum consumption, as calculated
15 from the baseline established by the Secretary for
16 fiscal year 1999.

17 (2) REQUIREMENT.—Not later than fiscal year
18 2011, of the Federal vehicles required to be alter-
19 native fueled vehicles under title V of the Energy
20 Policy Act of 1992 (42 U.S.C. 13251 et seq.), at
21 least 30 percent shall be flexible fuel hybrid motor
22 vehicles or flexible fuel plug-in hybrid motor vehicles.

23 (3) EXCEPTION.—The regulations issued under
24 this subsection shall not apply to ground vehicles of
25 the Department of Defense whose primary purpose

1 is combat or the support of troops in combat oper-
2 ations.

3 (b) INCLUSION OF ELECTRIC DRIVE IN ENERGY
4 POLICY ACT OF 1992.—Section 508(a) of the Energy Pol-
5 icy Act of 1992 (42 U.S.C. 13258(a)) is amended—

6 (1) by inserting “(1)” before “The Secretary”;

7 and

8 (2) by adding at the end the following:

9 “(2) Not later than January 31, 2007, the Secretary
10 shall—

11 “(A) allocate credit in an amount to be deter-
12 mined by the Secretary for—

13 “(i) acquisition of—

14 “(I) a light-duty hybrid electric vehi-
15 cle;

16 “(II) a plug-in hybrid electric vehicle;

17 “(III) a fuel cell electric vehicle;

18 “(IV) a medium- or heavy-duty hybrid
19 electric vehicle;

20 “(V) a neighborhood electric vehicle;

21 or

22 “(VI) a medium- or heavy-duty dedi-
23 cated vehicle; and

1 “(ii) investment in qualified alternative
2 fuel infrastructure or nonroad equipment, as
3 determined by the Secretary; and

4 “(B) allocate more than 1, but not to exceed 5,
5 credits for investment in an emerging technology re-
6 lating to any vehicle described in subparagraph (A)
7 to encourage—

8 “(i) a reduction in petroleum demand;

9 “(ii) technological advancement; and

10 “(iii) environmental safety.”.

11 (c) **AUTHORIZATION OF APPROPRIATIONS.**—There is
12 authorized to be appropriated to carry out this section (in-
13 cluding the amendments made by subsection (b))
14 \$10,000,000 for the period of fiscal years 2007 through
15 2012.

16 **SEC. 211. TAX INCENTIVES FOR PRIVATE FLEETS.**

17 (a) **IN GENERAL.**—Subpart E of part IV of sub-
18 chapter A of chapter 1 of the Internal Revenue Code of
19 1986 is amended by inserting after section 48B the fol-
20 lowing new section:

21 **“SEC. 48C. FUEL-EFFICIENT FLEET CREDIT.**

22 “(a) **GENERAL RULE.**—For purposes of section 46,
23 the fuel-efficient fleet credit for any taxable year is 15 per-
24 cent of the qualified fuel-efficient vehicle investment
25 amount of an eligible taxpayer for such taxable year.

1 “(b) VEHICLE PURCHASE REQUIREMENT.—In the
2 case of any eligible taxpayer which places less than 10
3 qualified fuel-efficient vehicles in service during the tax-
4 able year, the qualified fuel-efficient vehicle investment
5 amount shall be zero.

6 “(c) QUALIFIED FUEL-EFFICIENT VEHICLE INVEST-
7 MENT AMOUNT.—For purposes of this section—

8 “(1) IN GENERAL.—The term ‘qualified fuel-ef-
9 ficient vehicle investment amount’ means the basis
10 of any qualified fuel-efficient vehicle placed in serv-
11 ice by an eligible taxpayer during the taxable year.

12 “(2) QUALIFIED FUEL-EFFICIENT VEHICLE.—
13 The term ‘qualified fuel-efficient vehicle’ means an
14 automobile which has a fuel economy which is at
15 least 10 percent greater than the average fuel econ-
16 omy standard for an automobile of the same class
17 and model year.

18 “(3) OTHER TERMS.—The terms ‘automobile’,
19 ‘average fuel economy standard’, ‘fuel economy’, and
20 ‘model year’ have the meanings given to such terms
21 under section 32901 of title 49, United States Code.

22 “(d) ELIGIBLE TAXPAYER.—The term ‘eligible tax-
23 payer’ means, with respect to any taxable year, a taxpayer
24 who owns a fleet of 100 or more vehicles which are used

1 in the trade or business of the taxpayer on the first day
2 of such taxable year.

3 “(e) TERMINATION.—This section shall not apply to
4 any vehicle placed in service after December 31, 2010.”.

5 (b) CREDIT TREATED AS PART OF INVESTMENT
6 CREDIT.—Section 46 of the Internal Revenue Code of
7 1986 is amended by striking “and” at the end of para-
8 graph (3), by striking the period at the end of paragraph
9 (4) and inserting “, and”, and by adding at the end the
10 following new paragraph:

11 “(5) the fuel-efficient fleet credit.”.

12 (c) CONFORMING AMENDMENTS.—

13 (1) Section 49(a)(1)(C) of the Internal Revenue
14 Code of 1986 is amended by striking “and” at the
15 end of clause (iii), by striking the period at the end
16 of clause (iv) and inserting “, and”, and by adding
17 at the end the following new clause:

18 “(v) the basis of any qualified fuel-ef-
19 ficient vehicle which is taken into account
20 under section 48C.”.

21 (2) The table of sections for subpart E of part
22 IV of subchapter A of chapter 1 of such Code is
23 amended by inserting after the item relating to sec-
24 tion 48 the following new item:

“Sec. 48C. Fuel-efficient fleet credit.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to periods after December 31,
3 2005, in taxable years ending after such date, under rules
4 similar to the rules of section 48(m) of the Internal Rev-
5 enue Code of 1986 (as in effect on the day before the date
6 of the enactment of the Revenue Reconciliation Act of
7 1990).

8 **SEC. 212. REDUCING INCENTIVES TO GUZZLE GAS.**

9 (a) INCLUSION OF HEAVY VEHICLES IN LIMITATION
10 ON DEPRECIATION OF CERTAIN LUXURY AUTO-
11 MOBILES.—

12 (1) IN GENERAL.—Section 280F(d)(5)(A) of
13 the Internal Revenue Code of 1986 (defining pas-
14 senger automobile) is amended—

15 (A) by striking clause (ii) and inserting the
16 following new clause:

17 “(ii)(I) which is rated at 6,000
18 pounds unloaded gross vehicle weight or
19 less, or

20 “(II) which is rated at more than
21 6,000 pounds but not more than 14,000
22 pounds gross vehicle weight.”,

23 (B) by striking “clause (ii)” in the second
24 sentence and inserting “clause (ii)(I)”.

1 (2) EXCEPTION FOR VEHICLES USED IN FARM-
2 ING BUSINESS.—Section 280F(d)(5)(B) of such
3 Code (relating to exception for certain vehicles) is
4 amended by striking “and” at the end of clause (ii),
5 by redesignating clause (iii) as clause (iv), and by in-
6 serting after clause (ii) the following new clause:

7 “(iii) any vehicle used in a farming
8 business (as defined in section 263A(e)(4),
9 and”.

10 (3) EFFECTIVE DATE.—The amendments made
11 by this subsection shall apply to property placed in
12 service after the date of the enactment of this Act.

13 (b) UPDATED DEPRECIATION DEDUCTION LIMITS.—

14 (1) IN GENERAL.—Subparagraph (A) of section
15 280F(a)(1) of the Internal Revenue Code of 1986
16 (relating to limitation on amount of depreciation for
17 luxury automobiles) is amended to read as follows:

18 “(I) LIMITATION.—The amount of the de-
19 preciation deduction for any taxable year shall
20 not exceed for any passenger automobile—

21 “(i) for the 1st taxable year in the re-
22 covery period—

23 “(I) described in subsection
24 (d)(5)(A)(ii)(I), \$4,000,

1 “(II) described in the second sen-
2 tence of subsection (d)(5)(A), \$5,000,
3 and

4 “(III) described in subsection
5 (d)(5)(A)(ii)(II), \$6,000,

6 “(ii) for the 2nd taxable year in the
7 recovery period—

8 “(I) described in subsection
9 (d)(5)(A)(ii)(I), \$6,400,

10 “(II) described in the second sen-
11 tence of subsection (d)(5)(A), \$8,000,
12 and

13 “(III) described in subsection
14 (d)(5)(A)(ii)(II), \$9,600,

15 “(iii) for the 3rd taxable year in the
16 recovery period—

17 “(I) described in subsection
18 (d)(5)(A)(ii)(I), \$3,850,

19 “(II) described in the second sen-
20 tence of subsection (d)(5)(A), \$4,800,
21 and

22 “(III) described in subsection
23 (d)(5)(A)(ii)(II), \$5,775, and

24 “(iv) for each succeeding taxable year
25 in the recovery period—

1 “(I) described in subsection
2 (d)(5)(A)(ii)(I), \$2,325,

3 “(II) described in the second sen-
4 tence of subsection (d)(5)(A), \$2,900,
5 and

6 “(III) described in subsection
7 (d)(5)(A)(ii)(II), \$3,475.”.

8 (2) YEARS AFTER RECOVERY PERIOD.—Section
9 280F(a)(1)(B)(ii) of such Code is amended to read
10 as follows:

11 “(ii) LIMITATION.—The amount treat-
12 ed as an expense under clause (i) for any
13 taxable year shall not exceed for any pas-
14 senger automobile—

15 “(I) described in subsection
16 (d)(5)(A)(ii)(I), \$2,325,

17 “(II) described in the second sen-
18 tence of subsection (d)(5)(A), \$2,900,
19 and

20 “(III) described in subsection
21 (d)(5)(A)(ii)(II), \$3,475.”.

22 (3) INFLATION ADJUSTMENT.—Section
23 280F(d)(7) of such Code (relating to automobile
24 price inflation adjustment) is amended—

1 (A) by striking “after 1988” in subpara-
2 graph (A) and inserting “after 2006”, and

3 (B) by striking subparagraph (B) and in-
4 serting the following new subparagraph:

5 “(B) AUTOMOBILE PRICE INFLATION AD-
6 JUSTMENT.—For purposes of this paragraph—

7 “(i) IN GENERAL.—The automobile
8 price inflation adjustment for any calendar
9 year is the percentage (if any) by which—

10 “(I) the average wage index for
11 the preceding calendar year, exceeds

12 “(II) the average wage index for
13 2005.

14 “(ii) AVERAGE WAGE INDEX.—The
15 term ‘average wage index’ means the aver-
16 age wage index published by the Social Se-
17 curity Administration.”.

18 (4) EFFECTIVE DATE.—The amendments made
19 by this subsection shall apply to property placed in
20 service after the date of the enactment of this Act.

21 (c) EXPENSING LIMITATION FOR FARM VEHICLES.—

22 (1) IN GENERAL.—Paragraph (6) of section
23 179(b) of the Internal Revenue Code of 1986 (relat-
24 ing to limitations) is amended to read as follows:

1 “(6) LIMITATION ON COST TAKEN INTO AC-
2 COUNT FOR FARM VEHICLES.—The cost of any vehi-
3 cle described in section 280F(d)(5)(B)(iii) for any
4 taxable year which may be taken into account under
5 this section shall not exceed \$30,000.”.

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

9 **SEC. 213. FUEL CHOICE FOR TRANSPORTATION.**

10 (a) DEFINITIONS.—In this section: —

11 (1) ALTERNATIVE FUEL; ALTERNATIVE FUEL
12 AUTOMOBILE.—The terms “alternative fuel” and
13 “alternative fuel automobile” have the meanings
14 given such terms in section 32901 of title 49, United
15 States Code.

16 (2) E85.—The term “E85” means a fuel blend
17 containing 85 percent ethanol and 15 percent gaso-
18 line by volume.

19 (3) M85.—The term “M85” means a fuel blend
20 containing 85 percent methanol and 15 percent gaso-
21 line by volume.

22 (4) FLEXIBLE FUEL VEHICLE.—The term
23 “flexible fuel vehicle” means a motor vehicle war-
24 ranted by its manufacturer to operate on any and all
25 blends of gasoline, E85, and M85.

1 (5) FUEL CHOICE-ENABLING MOTOR VEHI-
2 CLE.—The term “fuel choice-enabling motor vehicle”
3 means—

4 (A) a flexible fuel motor vehicle; or

5 (B) a vehicle warranted by its manufac-
6 turer to operate on biodiesel.

7 (6) LIGHTDUTY MOTOR VEHICLE.—The term
8 “light-duty motor vehicle” means, as defined in reg-
9 ulations promulgated by the Administrator of the
10 Environmental Protection Agency in effect on the
11 date of enactment of this Act—

12 (A) a light-duty truck; or

13 (B) a light-duty vehicle.

14 (b) FUEL CHOICE FOR TRANSPORTATION.—

15 (1) RULEMAKING.—Not later than 1 year after
16 the date of enactment of this Act, the Secretary of
17 Transportation shall issue regulations to carry out
18 the provisions of this subsection.

19 (2) SCHEDULE.—Not less than 80 percent of
20 each light-duty motor vehicles manufacturer’s an-
21 nual production of passenger cars manufactured on
22 and after January 1, 2011, and before January 1,
23 2012, and no less than 90 percent of each manufac-
24 turer’s production of passenger cars manufactured
25 on and after January 1, 2012 shall be fuel choice

1 enabling motor vehicles or alternative fuel auto-
2 mobiles.

3 (3) TEMPORARY EXEMPTION FROM REQUIRE-
4 MENTS.—Upon application by a manufacturer, in
5 such manner and containing such information as the
6 Secretary shall prescribe in the regulations promul-
7 gated under this section, the Secretary may at any
8 time, under such terms and conditions and to such
9 extent as the Secretary deems appropriate, tempo-
10 rarily exempt or renew the exemption of a motor ve-
11 hicle from the requirements of subsection (b) if the
12 Secretary finds that there has been a disruption in
13 the supply of any component required for compliance
14 with the regulations, or a disruption in the use and
15 installation by the manufacturer of such component
16 due to unavoidable events not under the control of
17 the manufacturer, that will prevent a manufacturer
18 from meeting its anticipated production volume of
19 vehicles that meet the requirements of this sub-
20 section. Each application for such exemption must
21 be filed by the manufacturer affected, and must
22 specify the models, lines, and types of vehicles actu-
23 ally affected, although the Secretary may consolidate
24 applications of a similar nature of 1 or more manu-
25 facturers. Any exemption or renewal shall be condi-

1 tioned upon the manufacturer’s commitment to re-
2 call the exempted vehicles for installation of omitted
3 components within a reasonable time proposed by
4 the manufacturer and approved by the Secretary
5 after such components become available in sufficient
6 quantities to satisfy both anticipated production and
7 recall volume requirements. Notice of each applica-
8 tion shall be published in the Federal Register and
9 notice of each decision to grant or deny a temporary
10 exemption, and the reasons for granting or denying
11 it, shall be published in the Federal Register. The
12 Secretary shall require labeling for each exempted
13 motor vehicle which can only be removed after recall
14 and installation of the required components. If a ve-
15 hicle is delivered without the fuel choice capability
16 required in this section, the Secretary shall require
17 that written notification of the exemption be deliv-
18 ered to the dealer and first purchasers for purposes
19 other than resale of such exempted motor vehicle in
20 such a manner, and containing such information, as
21 the Secretary deems appropriate.

22 **SEC. 214. FLEXIBLE FUEL VEHICLE ECONOMY CALCULA-**
23 **TIONS.**

24 (a) IN GENERAL.—Section 32905 of title 49, United
25 States Code, is amended—

1 (1) in subsections (b) and (d)—

2 (A) by amending paragraph (1) of each
3 subsection to read as follows:

4 “(1) the number determined by—

5 “(A) subtracting from 1.0 the alternative
6 fuel use factor for the model; and

7 “(B) dividing the difference calculated
8 under subparagraph (A) by the fuel economy
9 measured under section 32904(c) when oper-
10 ating the model on gasoline or diesel fuel; and”;
11 and

12 (B) by amending paragraph (2) of each
13 subsection to read as follows:

14 “(2) the number determined by dividing the al-
15 ternative fuel use factor for the model by the fuel
16 economy measured under subsection (a) when oper-
17 ating the model on alternative fuel.”; and

18 (2) by adding at the end the following:

19 “(h) DETERMINATION OF ALTERNATIVE FUEL USE
20 FACTOR.—

21 “(1) For purposes of subsections (b) and (d),
22 the term ‘alternative fuel use factor’ means, for a
23 model of automobile, the factor determined by the
24 Administrator under this subsection.

1 “(2) At the beginning of each calendar year,
2 the Secretary of Transportation shall estimate, by
3 model, the aggregate amount of fuel and the aggregate
4 amount of alternative fuel used to operate all
5 dual fuel automobiles during the most recent 12-
6 month period.

7 “(3) The Administrator shall determine, by regulation,
8 the alternative fuel use factor for each
9 model of dual fuel automobile as the fraction that
10 represents, on an energy equivalent basis, the ratio
11 that the amount of alternative fuel determined under
12 paragraph (2) bears to the amount of fuel determined
13 under paragraph (2).”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall take effect on January 1, 2007.

16 (c) APPLICABILITY OF EXISTING STANDARDS.—The
17 amendments made by this section shall not affect the application
18 of section 32901 of title 49, United States Code,
19 to automobiles manufactured before model year 2007.

20 **TITLE III—FUEL CHOICES FOR** 21 **THE 21st CENTURY**

22 **SEC. 301. FUEL CHOICE ACTION PLAN.**

23 (a) ACTION PLAN.—Not later than 1 year after the
24 date of enactment of this Act, the Secretary of Energy

1 shall transmit to the Congress an action plan detailing
2 specific plans to ensure that—

3 (1) not later than December 31, 2015, not less
4 than 10 percent of the Nation’s total ground trans-
5 portation fuel demand can be supplied by fuels de-
6 rived from sources other than oil; and

7 (2) not later than December 31, 2025, not less
8 than 20 percent of the Nation’s total ground trans-
9 portation fuel demand can be supplied by fuels de-
10 rived from sources other than oil.

11 (b) FUELS.—The action plan may include plans for
12 the use of fuels such as ethanol (derived from agricultural
13 products, cellulosic bioproducts, or waste products), meth-
14 anol (derived from agricultural products, waste products,
15 or coal), alternative diesel fuels (derived from agricultural
16 products, waste products, or coal), hydrogen, and elec-
17 tricity. The plan shall seek to the fullest extent practicable
18 to meet the following goals:

19 (1) Not less than 50 percent of the fuels will
20 be derived from renewable resources.

21 (2) Not less than 50 percent of the fuels shall
22 be produced from domestic resources.

23 **SEC. 302. ETHANOL ACTION PLAN.**

24 The Secretary of Energy shall complete an action
25 plan to be delivered to Congress not later than 1 year after

1 the date of enactment of this Act detailing specific plans
 2 to achieve a nationwide inclusion of not less than 10 per-
 3 cent ethanol in the ground transportation fuel supply by
 4 December 31, 2015. The plan shall seek to the fullest ex-
 5 tent practicable to require that not less than 60 percent
 6 of the total ethanol content be produced from renewable,
 7 domestic resources.

8 **SEC. 303. DUTY FREE TREATMENT FOR IMPORTED LIQUID**
 9 **ETHANOL USED FOR FUEL.**

10 (a) IN GENERAL.—Subchapter XVII of chapter 98
 11 of the Harmonized Tariff Schedule of the United States
 12 is amended by inserting in numerical sequence the fol-
 13 lowing new heading:

“	9817.29.05	Ethanol used for fuel	Free	Free	The rate appli- cable in the ab- sence of this heading	”.
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14 (b) EFFECTIVE DATE.—The amendment made by
 15 subsection (a) applies to goods entered, or withdrawn from
 16 warehouse for consumption, on or after the 15th day after
 17 the date of the enactment of this Act.

18 **SEC. 304. ALTERNATIVE FUEL VEHICLE REFUELING PROP-**
 19 **ERTY.**

20 (a) INCREASE IN CREDIT.—

21 (1) IN GENERAL.—Subsection (a) of section
 22 30C of the Internal Revenue Code of 1986 is

1 amended by striking “30 percent” and inserting “50
2 percent”.

3 (2) EFFECTIVE DATE.—The amendment made
4 by this subsection shall apply to property placed in
5 service after December 31, 2005, in taxable years
6 ending after such date.

7 (b) ALTERNATIVE FUEL RETAIL OUTLETS.—

8 (1) OWNER OR LESSOR.—For purposes of this
9 subsection, the term “owner or lessor” means—

10 (A) a franchisor who owns, leases, or con-
11 trols a retail gasoline outlet at which the
12 franchisee is authorized or permitted, under the
13 franchise agreement, to sell alternative fuel; and

14 (B) a refiner or distributor who owns,
15 leases, or controls a retail gasoline outlet.

16 (2) REQUIREMENT.—Beginning in the year in
17 which 10 percent or more of the registered vehicles
18 in a county are capable of using a designated alter-
19 native fuel, each owner or lessor of a retail gasoline
20 outlet with 10 or more vehicle fuel pumps in that
21 county shall offer such designated alternative fuel at
22 not less than 10 percent of such pumps.

23 (3) COMPLIANCE.—An owner or lessor is in
24 compliance with the requirement under paragraph
25 (2) if the owner or lessor—

1 (A) provides alternative fuel at vehicle
2 pumps owned or controlled by the owner or les-
3 sor; or

4 (B) purchases credits from another owner
5 or lessor who operates more than the minimum
6 required number of alternative fuel pumps.

7 (4) PROJECTIONS.—Not later than July 1st of
8 each year, the Secretary of Energy shall—

9 (A) identify the counties in which at least
10 10 percent of the registered vehicles are ex-
11 pected to be capable of using a designated alter-
12 native fuel within the following 18-month pe-
13 riod; and

14 (B) notify owners and lessors with retail
15 gasoline outlets in the counties identified under
16 subparagraph (A) of the alternative fuel pump
17 requirement under this subsection.

18 (5) RULEMAKING.—The Secretary of Energy
19 shall issue regulations to carry out the provisions of
20 this subsection.

21 **SEC. 305. USE OF CAFÉ PENALTIES TO BUILD ALTERNATIVE**
22 **FUELING INFRASTRUCTURE.**

23 Section 32912 of title 49, United States Code, is
24 amended by adding at the end the following

1 “(e) ALTERNATIVE FUELING INFRASTRUCTURE
2 TRUST FUND.—(1) There is established in the Treasury
3 of the United States a trust fund, to be known as the
4 Alternative Fueling Infrastructure Trust Fund, consisting
5 of such amounts as are deposited into the Trust Fund
6 under paragraph (2) and any interest earned on invest-
7 ment of amounts in the Trust Fund.

8 “(2) The Secretary of Transportation shall remit 90
9 percent of the amount collected in civil penalties under
10 this section to the Trust Fund.

11 “(3) The Secretary of Energy may obligate such
12 sums as are available in the Trust Fund for the Clean
13 Cities grant program to increase the number of locations
14 at which consumers may purchase fuel containing ethanol,
15 biodiesel, and other alternative fuels.”.

16 **SEC. 306. CELLULOSIC BIOMASS FUEL.**

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

19 “(iii) MINIMUM QUANTITY DERIVED
20 FROM CELLULOSIC BIOMASS.—

21 “(I) CALENDAR YEARS 2008
22 THROUGH 2015.—For each of calendar
23 years 2008 through 2015, the applica-
24 ble volume referred to in clause (ii)
25 shall contain a minimum number of

1 gallons that are derived from cellulosic
2 biomass determined in accordance
3 with the following table:

“Calendar year:	Applicable minimum number of gallons derived from cellulosic biomass (in millions of gallons):
2008	30.0
2009	45.0
2010	75.0
2011	120.0
2012	180.0
2013	250.0
2014	500.0
2015	1,000.0.

4 “(II) CALENDAR YEAR 2016 AND
5 THEREAFTER.—For calendar year
6 2016 and each calendar year there-
7 after, the applicable volume referred
8 to in clause (ii) shall contain a min-
9 imum number of gallons that are de-
10 rived from cellulosic biomass this is
11 equal to the product obtained by mul-
12 tipling—

13 “(aa) the applicable volume
14 referred to in clause (ii) for the
15 calendar year; and

16 “(bb) the ratio that
17 1,000,000,000 gallons of cel-
18 lulosic biomass bears to the ap-
19 plicable volume referred to in

1 clause (ii) for calendar year
2 2015.

3 “(III) RATIO.—For calendar year
4 2008 and each calendar year there-
5 after, the 2.5-to-1 ratio referred to in
6 paragraph (4) shall not apply.”.

7 **SEC. 307. PRODUCTION INCENTIVES FOR CELLULOSIC**
8 **BIOFUELS.**

9 Section 942(f) of the Energy Policy Act of 2005 (42
10 U.S.C. 16251(f)) is amended by striking “\$250,000,000”
11 and inserting “\$200,000,000 for each of fiscal years 2007
12 through 2011”.

13 **SEC. 308. TRANSIT-ORIENTED DEVELOPMENT CORRIDORS.**

14 (a) DEFINITIONS.—In this section:

15 (1) TRANSIT-ORIENTED DEVELOPMENT COR-
16 RIDOR.—The term “Transit-Oriented Development
17 Corridor” or “TODC” means a geographic area des-
18 ignated by the Secretary under subsection (b).

19 (2) OTHER TERMS.—The terms “fixed guide
20 way”, “local governmental authority”, “mass trans-
21 portation”, “Secretary”, “State”, and “urbanized
22 area” have the meanings given the terms in section
23 5302 of title 49, United States Code.

24 (b) TRANSIT-ORIENTED DEVELOPMENT COR-
25 RIDORS.—

1 (1) IN GENERAL.—The Secretary shall develop
2 and carry out a program to designate geographic
3 areas in urbanized areas as Transit-Oriented Devel-
4 opment Corridors.

5 (2) CRITERIA.—An area designated as a TODC
6 under paragraph (1) shall include rights-of-way for
7 fixed guide way mass transportation facilities (in-
8 cluding commercial development of facilities that
9 have a physical and functional connection with each
10 facility).

11 (3) NUMBER OF TODCS.—In consultation with
12 State transportation departments and metropolitan
13 planning organizations, the Secretary shall des-
14 ignate—

15 (A) not fewer than 10 TODCs by Decem-
16 ber 31, 2015; and

17 (B) not fewer than 20 TODCs by Decem-
18 ber 31, 2025.

19 (4) TRANSIT GRANTS.—

20 (A) IN GENERAL.—The Secretary make
21 grants to eligible states and local governmental
22 authorities to pay the Federal share of the cost
23 of designating geographic areas in urbanized
24 areas as TODCs.

1 (B) APPLICATION.—Each eligible State or
2 local governmental authority that desires to re-
3 ceive a grant under this paragraph shall submit
4 an application to the Secretary, at such time, in
5 such manner, and accompanied by such addi-
6 tional information as the Secretary may reason-
7 ably require.

8 (C) LABOR STANDARDS.—Subchapter IV
9 of chapter 31 of title 40, United States Code
10 shall apply to projects that receive funding
11 under this section.

12 (D) FEDERAL SHARE.—The Federal share
13 of the cost of a project under this subsection
14 shall be 50 percent.

15 (e) TODC RESEARCH AND DEVELOPMENT.—To sup-
16 port effective deployment of grants and incentives under
17 this section, the Secretary shall establish a TODC re-
18 search and development program to conduct research on
19 the best practices and performance criteria for TODCs.

20 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
21 authorized to be appropriated to carry out this section
22 \$50,000,000 for each of fiscal years 2007 through 2012.

23 **SEC. 309. BIOFUELS.**

24 (a) ENERGY POLICY ACT OF 2005 AMENDMENTS.—
25 The Energy Policy Act of 2005 is amended—

1 (1) in section 208(c)(2)(A) by striking “be lim-
2 ited to sugar producers and the production of eth-
3 anol in the States of Florida, Louisiana, Texas, and
4 Hawaii, divided equally among the States,”;

5 (2) in section 932(a)(1)(C)(ii) by striking “, but
6 not including municipal solid waste, gas derived
7 from the biodegradation of municipal solid waste, or
8 paper that is commonly recycled”;

9 (3) in section 946(c)(1) by striking “ethanol”
10 and inserting “transportation fuel produced from
11 biomass”;

12 (4) in section 1510(b) by striking “fuel eth-
13 anol” and inserting “transportation fuel produced
14 from biomass,” and

15 (5) in section 1514(c)(1)(A) by striking “bio-
16 mass ethanol” and inserting “transportation fuel
17 produced from biomass”.

18 (b) INTERNAL REVENUE CODE OF 1986 AMEND-
19 MENT.—

20 (1) AMENDMENT.—Section 30C(c)(1)(A) of the
21 Internal Revenue Code of 1986 is amended by strik-
22 ing “one or more of the following: ethanol, natural
23 gas, compressed natural gas, liquefied natural gas,
24 liquefied petroleum gas, or hydrogen” and inserting

1 “an alternative fuel (as defined in section 301 of the
2 Energy Policy Act of 1992 (42 U.S.C. 13211))”.

3 (2) EFFECT.—The amendment made by para-
4 graph (1) shall take effect as if enacted by section
5 1342 of the Energy Policy Act of 2005.

6 (c) CLEAN AIR ACT AMENDMENTS.—The Clean Air
7 Act is amended—

8 (1) in section 212 (42 U.S.C. 7546)—

9 (A) by adding at the end of subsection (a)
10 the following new paragraph:

11 “(4) BIOFUEL.—The term ‘biofuel’ means any
12 transportation fuel produced from biomass. ”; and

13 (B) by striking “ethanol” each place it ap-
14 pears and inserting “biofuel”; and

15 (2) in section 211(r) (42 U.S.C. 7545(r)) by
16 striking “ethanol” each place it appears and insert-
17 ing “biofuel”.

○