

105TH CONGRESS
1ST SESSION

S. 829

To amend the Internal Revenue Code of 1986 to encourage the production and use of clean-fuel vehicles, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 3, 1997

Mrs. BOXER (for herself, Mrs. FEINSTEIN, and Mr. KENNEDY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to encourage the production and use of clean-fuel vehicles, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Clean-Fuel Vehicle Act of 1997”.

6 (b) REFERENCE TO 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
 2 sion of the Internal Revenue Code of 1986.

3 **SEC. 2. EXEMPTION OF ELECTRIC AND OTHER CLEAN-FUEL**
 4 **MOTOR VEHICLES FROM LUXURY AUTO-**
 5 **MOBILE CLASSIFICATION.**

6 (a) IN GENERAL.—Subsection (a) of section 4001
 7 (relating to imposition of tax) is amended to read as fol-
 8 lows:

9 “(a) IMPOSITION OF TAX.—

10 “(1) IN GENERAL.—There is hereby imposed on
 11 the 1st retail sale of any passenger vehicle a tax
 12 equal to 10 percent of the price for which so sold to
 13 the extent such price exceeds the applicable amount.

14 “(2) APPLICABLE AMOUNT.—

15 “(A) IN GENERAL.—Except as provided in
 16 subparagraphs (B) and (C), the applicable
 17 amount is \$30,000.

18 “(B) QUALIFIED CLEAN-FUEL VEHICLE
 19 PROPERTY.—In the case of a passenger vehicle
 20 which is propelled by a fuel which is not a
 21 clean-burning fuel to which is installed qualified
 22 clean-fuel vehicle property (as defined in section
 23 179A(c)(1)(A)) for purposes of permitting such
 24 vehicle to be propelled by a clean-burning fuel,
 25 the applicable amount is equal to the sum of—

1 “(i) \$30,000, plus

2 “(ii) the increase in the price for
3 which the passenger vehicle was sold (with-
4 in the meaning of section 4002) due to the
5 installation of such property.

6 “(C) PURPOSE BUILT PASSENGER VEHI-
7 CLE.—

8 “(i) IN GENERAL.—In the case of a
9 purpose built passenger vehicle, the appli-
10 cable amount is equal to 150 percent of
11 \$30,000.

12 “(ii) PURPOSE BUILT PASSENGER VE-
13 HICLE.—For purposes of clause (i), the
14 term ‘purpose built passenger vehicle’
15 means a passenger vehicle produced by an
16 original equipment manufacturer and de-
17 signed so that the vehicle may be propelled
18 primarily by electricity.”

19 (b) CONFORMING AMENDMENTS.—

20 (1) Subsection (e) of section 4001 (relating to
21 inflation adjustment) is amended to read as follows:

22 “(e) INFLATION ADJUSTMENT.—

23 “(1) IN GENERAL.—The \$30,000 amount in
24 subparagraphs (A), (B)(i), and (C)(i) of subsection
25 (a)(2) shall be increased by an amount equal to—

1 “(A) \$30,000, multiplied by

2 “(B) the cost-of-living adjustment under
3 section 1(f)(3) for the calendar year in which
4 the vehicle is sold, determined by substituting
5 ‘calendar year 1990’ for ‘calendar year 1992’ in
6 subparagraph (B) thereof.

7 “(2) ROUNDING.—If any amount as adjusted
8 under paragraph (1) is not a multiple of \$2,000,
9 such amount shall be rounded to the next lowest
10 multiple of \$2,000.”

11 (2) Subsection (f) of section 4001 (relating to
12 phasedown) is amended by striking “subsection (a)”
13 and inserting “subsection (a)(1)”.

14 (3) Subparagraph (B) of section 4003(a)(2) is
15 amended to read as follows:

16 “(B) the appropriate applicable amount as
17 determined under section 4001(a)(2).”

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to sales and installations occurring
20 and property placed in service on or after the date of en-
21 actment of this Act.

1 **SEC. 3. EXEMPTION OF THE INCREMENTAL COST OF A**
 2 **CLEAN FUEL VEHICLE FROM THE LIMITS ON**
 3 **DEPRECIATION FOR VEHICLES.**

4 (a) IN GENERAL.—Section 280F(a)(1) (relating to
 5 limiting depreciation on luxury automobiles) is amended
 6 by adding at the end the following new subparagraph:

7 “(C) SPECIAL RULE FOR CERTAIN CLEAN-
 8 FUEL PASSENGER AUTOMOBILES.—

9 “(i) MODIFIED AUTOMOBILES.—In
 10 the case of a passenger automobile which
 11 is propelled by a fuel which is not a clean-
 12 burning fuel to which is installed qualified
 13 clean-fuel vehicle property (as defined in
 14 section 179A(e)(1)(A)) for purposes of per-
 15 mitting such vehicle to be propelled by a
 16 clean burning fuel (as defined in section
 17 179A(e)(1)), the depreciation deductions
 18 specified in subparagraph (A) shall be in-
 19 creased by the incremental cost of the in-
 20 stalled qualified clean burning vehicle prop-
 21 erty as depreciated pursuant to section
 22 168 by applying the rules under sub-
 23 sections (b)(1), (d)(1), and (e)(3)(B) there-
 24 of.

25 “(ii) PURPOSE BUILT PASSENGER VE-
 26 HICLES.—In the case of a purpose built

passenger vehicle (as defined in section 4001(a)(2)(C)(ii)), the depreciation deductions specified in subparagraph (A) shall be tripled.

“(iii) INCREMENTAL COST.—For purposes of clause (i), the incremental cost shall be the equal of the lesser of—

“(I) the incremental cost of the installed qualified clean fuel vehicle property (as so defined), or

“(II) the amount by which the total cost of the clean fuel passenger automobile exceeds the sum of the amounts that would be allowed under subparagraph (A) for the recovery period determined by applying the rules under subsections (d)(1) and (e)(3) of section 168.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales and installations occurring and property placed in service on or after the date of enactment of this Act and before January 1, 2005.

1 **SEC. 4. GOVERNMENTAL USE RESTRICTION MODIFIED FOR**
 2 **ELECTRIC VEHICLES.**

3 (a) IN GENERAL.—Paragraph (3) of section 30(d)
 4 (relating to special rules) is amended by inserting “(with-
 5 out regard to paragraph (4)(A)(i) thereof)” after “section
 6 50(b)”.

7 (b) CONFORMING AMENDMENT.—Paragraph (5) of
 8 section 179A(e) (relating to other definitions and special
 9 rules) is amended by inserting “(without regard to para-
 10 graph (4)(A)(i) thereof in the case of a qualified electric
 11 vehicle described in subclause (I) or (II) of subsection
 12 (b)(1)(A)(iii) of this section)” after “section 50(b)”.

13 (c) EFFECTIVE DATE.—The amendment made by
 14 this section shall apply to property placed in service on
 15 or after the date of enactment of this Act.

16 **SEC. 5. LARGE ELECTRIC TRUCKS, VANS, AND BUSES ELIGI-**
 17 **BLE FOR DEDUCTION FOR CLEAN-FUEL VEHI-**
 18 **CLES.**

19 (a) IN GENERAL.—Paragraph (3) of section 179A(c)
 20 (defining qualified clean-fuel vehicle property) is amended
 21 by inserting “, other than any vehicle described in sub-
 22 clause (I) or (II) of subsection (b)(1)(A)(iii)” after “sec-
 23 tion 30(c)”.

24 (b) DENIAL OF CREDIT.—Subsection (c) of section
 25 30 (relating to credit for qualified electric vehicles) is

1 amended by adding at the end the following new para-
 2 graph:

3 “(3) DENIAL OF CREDIT FOR VEHICLES FOR
 4 WHICH DEDUCTION ALLOWABLE.—The term ‘quali-
 5 fied electric vehicle’ shall not include any vehicle de-
 6 scribed in subclause (I) or (II) of section
 7 179A(b)(1)(A)(iii).”

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to property placed in service on
 10 or after the date of enactment of this Act.

11 **SEC. 6. ELECTRIC VEHICLE CREDIT AMOUNT AND APPLICA-**
 12 **TION AGAINST ALTERNATIVE MINIMUM TAX.**

13 (a) IN GENERAL.—Subsection (a) of section 30 (re-
 14 lating to credit for qualified electric vehicles) is amended
 15 by striking “10 percent of”.

16 (b) APPLICATION AGAINST ALTERNATIVE MINIMUM
 17 TAX.—Section 30(b) (relating to limitations) is amended
 18 by striking paragraph (3).

19 (c) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply to taxable years beginning after
 21 December 31, 1996.

1 **SEC. 7. RATE OF TAX ON LIQUEFIED NATURAL GAS TO BE**
 2 **EQUIVALENT TO RATE OF TAX ON COM-**
 3 **PRESSED NATURAL GAS.**

4 (a) IN GENERAL.—Paragraph (3) of section 4041(a)
 5 (relating to diesel fuel and special motor fuels) is amend-
 6 ed—

7 (1) by striking subparagraph (A) and inserting
 8 the following new subparagraph:

9 “(A) IMPOSITION OF TAX.—

10 “(i) IN GENERAL.—There is hereby
 11 imposed a tax on compressed or liquefied
 12 natural gas—

13 “(I) sold by any person to an
 14 owner, lessee, or other operator of a
 15 motor vehicle or motorboat for use as
 16 a fuel in such motor vehicle or motor-
 17 boat, or

18 “(II) used by any person as a
 19 fuel in a motor vehicle or motorboat
 20 unless there was a taxable sale of
 21 such gas under subclause (I).

22 “(ii) RATE OF TAX.—The rate of tax
 23 imposed by this paragraph shall be—

24 “(I) in the case of compressed
 25 natural gas, 48.54 cents per MCF

1 (determined at standard temperature
2 and pressure), and

3 “(II) in the case of liquefied nat-
4 ural gas, 3.54 cents per gallon.”, and

5 (2) by inserting “OR LIQUEFIED” after “COM-
6 PRESSED” in the heading.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Paragraph (2) of section 4041(a)(2) is
9 amended by striking “other than a Kerosene” and
10 inserting “other than liquefied natural gas, ker-
11 osene”.

12 (2) The heading for section 9503(f)(2)(D) is
13 amended by inserting “OR LIQUEFIED” after “COM-
14 PRESSED”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall take effect on the date of enactment of
17 this Act.

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