

106TH CONGRESS  
1ST SESSION

# H. R. 260

To amend the Internal Revenue Code of 1986 to provide additional incentives for the use of clean-fuel vehicles by enterprise zone businesses within empowerment zones and enterprise communities.

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1999

Mr. SERRANO introduced the following bill; which was referred to the  
Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide additional incentives for the use of clean-fuel vehicles by enterprise zone businesses within empowerment zones and enterprise communities.

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. CLEAN-FUEL VEHICLES USED BY ENTERPRISE**  
4       **ZONE BUSINESSES.**

5       (a) IN GENERAL.—Part III of subchapter U of chap-  
6       ter 1 of the Internal Revenue Code of 1986 (relating to  
7       additional incentives for empowerment zones) is amended  
8       by redesignating subpart C as subpart D, by redesignating

1 sections 1397B and 1397C as sections 1397C and 1397D,  
 2 respectively, and by inserting after subpart B the following  
 3 new subpart:

4 **“Subpart C—Incentives for Clean-**  
 5 **Fuel Vehicles**

“Sec. 1397B. Incentives for clean-fuel vehicles.

6 **“SEC. 1397B. INCENTIVES FOR CLEAN-FUEL VEHICLES.**

7 “(a) ZONE CLEAN FUELS CREDIT.—For purposes of  
 8 section 38, the amount of the zone clean fuels credit deter-  
 9 mined under this section for the taxable year is the sum  
 10 of—

11 “(1) the zone clean-fuel property credit, and

12 “(2) the zone clean-burning fuel use credit.

13 “(b) ZONE CLEAN-FUEL PROPERTY CREDIT.—

14 “(1) IN GENERAL.—The zone clean-fuel prop-  
 15 erty credit is the cost of—

16 “(A) qualified clean-fuel vehicle property,  
 17 plus

18 “(B) qualified clean-fuel vehicle refueling  
 19 property,

20 paid or incurred for the taxable year by an eligible  
 21 enterprise zone business.

22 “(2) LIMITATIONS.—

23 “(A) QUALIFIED CLEAN-FUEL VEHICLE  
 24 PROPERTY.—The cost which may be taken into

1 account under paragraph (1)(A) with respect to  
2 any motor vehicle shall not exceed—

3 “(i) \$2,000 in the case of a motor ve-  
4 hicle not described in clause (ii) or (iii),

5 “(ii) \$5,000 in the case of any truck  
6 or van with a gross vehicle weight rating  
7 greater than 10,000 pounds but not great-  
8 er than 26,000 pounds, or

9 “(iii) \$50,000 in the case of—

10 “(I) a truck or van with a gross  
11 vehicle weight rating greater than  
12 26,000 pounds, or

13 “(II) any bus which has a seating  
14 capacity of at least 20 adults (not in-  
15 cluding the driver).

16 “(B) QUALIFIED CLEAN-FUEL VEHICLE  
17 REFUELING PROPERTY.—

18 “(i) IN GENERAL.—The aggregate  
19 cost which may be taken into account  
20 under paragraph (1)(B) with respect to  
21 qualified clean-fuel vehicle refueling prop-  
22 erty placed in service during the taxable  
23 year at a location shall not exceed the less-  
24 er of—

25 “(I) \$100,000, or

1 “(II) the cost of such property  
2 reduced by the amount described in  
3 clause (ii).

4 “(ii) REDUCTION FOR AMOUNTS PRE-  
5 VIOUSLY TAKEN INTO ACCOUNT.—For pur-  
6 poses of clause (i)(II), the amount de-  
7 scribed in this clause is the sum of—

8 “(I) the aggregate amount taken  
9 into account under paragraph (1)(B)  
10 for all preceding taxable years, and

11 “(II) the aggregate amount taken  
12 into account under section  
13 179A(a)(1)(B) by the taxpayer (or  
14 any related person or predecessor)  
15 with respect to property placed in  
16 service at such location for all preced-  
17 ing taxable years.

18 “(iii) SPECIAL RULES.—For purposes  
19 of this subparagraph, the provisions of  
20 subparagraphs (B) and (C) of section  
21 179A(b)(2) shall apply.

22 “(c) ZONE CLEAN-BURNING FUEL USE CREDIT.—  
23 The zone clean-burning fuel use credit is the amount equal  
24 to 50 cents for each gasoline gallon equivalent of clean-  
25 burning fuel used by an eligible enterprise zone business

1 during the taxable year to propel qualified clean-fuel vehi-  
 2 cle property.

3 “(d) DEFINITIONS.—For purposes of this section—

4 “(1) ELIGIBLE ENTERPRISE ZONE BUSINESS.—

5 The term ‘eligible enterprise zone business’ means—

6 “(A) an enterprise zone business (as de-  
 7 fined in section 1397C) located within an area  
 8 that is an empowerment zone or enterprise  
 9 community and that is within a nonattainment  
 10 area (within the meaning of section 171 of the  
 11 Clean Air Act (42 U.S.C. 7501)), and

12 “(B) a trade or business located outside of  
 13 an empowerment zone or enterprise community,  
 14 but only with respect to qualified clean-fuel ve-  
 15 hicle property used substantially within an area  
 16 that is an empowerment zone or enterprise  
 17 community and that is within a nonattainment  
 18 area (within the meaning of section 171 of the  
 19 Clean Air Act (42 U.S.C. 7501)).

20 For purposes of this paragraph, section 1379C shall  
 21 be applied by substituting ‘empowerment zone or en-  
 22 terprise community’ for ‘empowerment zone’ each  
 23 place it appears.

24 “(2) CLEAN-BURNING FUEL.—The term ‘clean-  
 25 burning fuel’ has the meaning given to such term by

1 section 179A, except that such term includes com-  
2 pressed natural gas.

3 “(3) QUALIFIED CLEAN-FUEL VEHICLE PROP-  
4 erty.—The term ‘qualified clean-fuel vehicle prop-  
5 erty’ has the meaning given to such term by section  
6 179A(c) without regard to paragraph (3) thereof,  
7 except that such term does not include property that  
8 is a motor vehicle propelled by a fuel that is not a  
9 clean-burning fuel.

10 “(4) QUALIFIED CLEAN-FUEL VEHICLE RE-  
11 FUELING PROPERTY.—The term ‘qualified clean-fuel  
12 vehicle refueling property’ has the meaning given to  
13 such term by section 179A(d).

14 “(5) GASOLINE GALLON EQUIVALENT.—The  
15 term ‘gasoline gallon equivalent’ means, with respect  
16 to any clean burning fuel, the amount (determined  
17 by the Secretary) of such fuel having a Btu content  
18 of 114,000.

19 “(e) DENIAL OF DOUBLE BENEFIT.—No credit shall  
20 be allowed under subsection (a) for any expense for which  
21 a deduction or credit is allowed under any other provision  
22 of this chapter.”.

23 (b) CREDIT MADE PART OF GENERAL BUSINESS  
24 CREDIT.—Subsection (b) of section 38 of such Code (re-  
25 lating to current year business credit) is amended by strik-

1 ing “plus” at the end of paragraph (11), by striking the  
 2 period at the end of paragraph (12) and inserting “, plus”,  
 3 and by adding at the end thereof the following new para-  
 4 graph:

5           “(13) the zone clean fuels credit determined  
 6       under section 1397B.”.

7       (c) DENIAL OF DOUBLE BENEFIT.—Section 280C of  
 8 such Code (relating to certain expenses for which credits  
 9 are allowable) is amended by adding at the end thereof  
 10 the following new subsection:

11       “(d) ZONE CLEAN FUELS EXPENSES.—No deduction  
 12 shall be allowed for that portion of expenses for clean-  
 13 burning fuel otherwise allowable as a deduction for the  
 14 taxable year which is equal to the amount of the credit  
 15 determined for such taxable year under section 1397B.”.

16       (d) CREDIT ALLOWED AGAINST REGULAR AND MINI-  
 17 MUM TAX.—

18           (1) IN GENERAL.—Subsection (c) of section 38  
 19 of such Code (relating to limitation based on amount  
 20 of tax) is amended by redesignating paragraph (3)  
 21 as paragraph (4) and by inserting after paragraph  
 22 (2) the following new paragraph:

23           “(3) SPECIAL RULES FOR ZONE CLEAN FUELS  
 24 CREDIT.—

1                   “(A) IN GENERAL.—In the case of the  
2                   zone clean fuels credit—

3                   “(i) this section and section 39 shall  
4                   be applied separately with respect to the  
5                   credit, and

6                   “(ii) in applying paragraph (1) to the  
7                   credit—

8                   “(I) subparagraph (A) thereof  
9                   shall not apply, and

10                  “(II) the limitation under para-  
11                  graph (1) (as modified by subclause  
12                  (I)) shall be reduced by the credit al-  
13                  lowed under subsection (a) for the  
14                  taxable year (other than the zone  
15                  clean fuels credit).

16                  “(B) ZONE CLEAN FUELS CREDIT.—For  
17                  purposes of this subsection, the term ‘zone  
18                  clean fuels credit’ means the credit allowable  
19                  under subsection (a) by reason of section  
20                  1379B.”.

21                  (2) CONFORMING AMENDMENT.—Subclause (II)  
22                  of section 38(c)(2)(A)(ii) of such Code is amended  
23                  by inserting “or the zone clean fuels credit” after  
24                  “employment credit”.



1 (e) LIMITATION ON CARRYBACK.—Subsection (d) of  
2 section 39 of such Code is amended by adding at the end  
3 the following new paragraph:

4 “(9) NO CARRYBACK OF ZONE CLEAN FUELS  
5 CREDIT BEFORE EFFECTIVE DATE.—No portion of  
6 the unused business credit for any taxable year  
7 which is attributable to the credit determined under  
8 section 1397B may be carried back to any taxable  
9 year ending before the date of the enactment of sec-  
10 tion 1397B.”.

11 (f) DEDUCTION FOR CERTAIN UNUSED BUSINESS  
12 CREDITS.—Subsection (c) of section 196 of such Code is  
13 amended by striking “and” at the end of paragraph (7),  
14 by striking the period at the end of paragraph (8) and  
15 inserting “, and”, and by adding after paragraph (8) the  
16 following new paragraph:

17 “(9) the empowerment zone clean fuels credit  
18 determined under section 1397B.”.

19 (g) CONFORMING AMENDMENTS.—

20 (1) Paragraph (3) of section 1394(b) of such  
21 Code is amended by striking “section 1397B” each  
22 place it appears and inserting “section 1397C”.

23 (2) Paragraph (3) of section 1394(f) of such  
24 Code is amended by striking “sections 1397B and  
25 1397C” and inserting “sections 1397C and 1397D”.

1           (3) Subsection (e) of section 1400 of such Code  
2       is amended by striking “section 1397B” and insert-  
3       ing “section 1397C”.

4           (4) Subsection (c) of section 1400B of such  
5       Code is amended by striking “section 1397B” both  
6       places it appears and inserting “section 1397C”.

7       (h) CLERICAL AMENDMENTS.—

8           (1) The table of subparts for part III of sub-  
9       chapter U of chapter 1 of such Code is amended by  
10      striking the last item and inserting the following:

          “SUBPART C. Incentives for clean-fuel vehicles.  
          “SUBPART D. General provisions.”.

11          (2) The table of sections for subpart D, as  
12      redesignated by subsection (a), is amended to read  
13      as follows:

          “Sec. 1397C. Enterprise zone business defined.  
          “Sec. 1397D. Qualified zone property defined.”.

14          (i) EFFECTIVE DATE.—The amendments made by  
15      this section shall apply to costs paid or incurred after  
16      December 31, 1998.

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