

107TH CONGRESS  
1ST SESSION

# H. R. 377

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

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 2001

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 businesses within empowerment zones, enterprise communities, and renewal 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 AND RENEWAL COMMU-**  
5 **NITY BUSINESSES.**

6 (a) EMPOWERMENT ZONES.—Part III of subchapter  
7 U of chapter 1 of the Internal Revenue Code of 1986 (re-

1 relating to additional incentives for empowerment zones) is  
 2 amended—

- 3 (1) by redesignating subpart D as subpart E,  
 4 (2) by redesignating sections 1397C, 1397D,  
 5 1397E, and 1397F as sections 1397D, 1397E,  
 6 1397F, and 1397G, respectively, and  
 7 (3) by inserting after subpart C the following  
 8 new subpart:

9 **“Subpart D—Incentives for Clean-**  
 10 **Fuel Vehicles**

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

11 **“SEC. 1397C. INCENTIVES FOR CLEAN-FUEL VEHICLES.**

12 “(a) ZONE CLEAN FUELS CREDIT.—For purposes of  
 13 section 38, in the case of an eligible enterprise zone busi-  
 14 ness, the amount of the zone clean fuels credit determined  
 15 under this section for the taxable year is the sum of—

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

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

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

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

21 “(A) qualified clean-fuel vehicle property,  
 22 plus

23 “(B) qualified clean-fuel vehicle refueling  
 24 property.

1 The credit under this section with respect to any  
2 property shall be allowed for the taxable year in  
3 which such property is placed in service by the eligi-  
4 ble enterprise zone business.

5 “(2) LIMITATIONS.—

6 “(A) QUALIFIED CLEAN-FUEL VEHICLE  
7 PROPERTY.—The cost which may be taken into  
8 account under paragraph (1)(A) with respect to  
9 any motor vehicle shall not exceed—

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

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

16 “(iii) \$50,000 in the case of—

17 “(I) a truck or van with a gross  
18 vehicle weight rating greater than  
19 26,000 pounds, or

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

23 “(B) QUALIFIED CLEAN-FUEL VEHICLE  
24 REFUELING PROPERTY.—

1 “(i) IN GENERAL.—The aggregate  
 2 cost which may be taken into account  
 3 under paragraph (1)(B) with respect to  
 4 qualified clean-fuel vehicle refueling prop-  
 5 erty placed in service by the eligible enter-  
 6 prise zone business during the taxable year  
 7 at a location shall not exceed the lesser  
 8 of—

9 “(I) \$100,000, or

10 “(II) the cost of such property  
 11 reduced by the amount described in  
 12 clause (ii).

13 “(ii) REDUCTION FOR AMOUNTS PRE-  
 14 VIOUSLY TAKEN INTO ACCOUNT.—For pur-  
 15 poses of clause (i)(II), the amount de-  
 16 scribed in this clause is the sum of—

17 “(I) the aggregate amount taken  
 18 into account under paragraph (1)(B)  
 19 for all preceding taxable years, and

20 “(II) the aggregate amount taken  
 21 into account under section  
 22 179A(a)(1)(B) by the taxpayer (or  
 23 any related person or predecessor)  
 24 with respect to property placed in

1 service at such location for all pre-  
2 ceding taxable years.

3 “(iii) SPECIAL RULES.—For purposes  
4 of this subparagraph, the provisions of  
5 subparagraphs (B) and (C) of section  
6 179A(b)(2) shall apply.

7 “(c) ZONE CLEAN-BURNING FUEL USE CREDIT.—  
8 The zone clean-burning fuel use credit is the amount equal  
9 to 50 cents for each gasoline gallon equivalent of clean-  
10 burning fuel used by an eligible enterprise zone business  
11 during the taxable year to propel qualified clean-fuel vehi-  
12 cle property.

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

14 “(1) ELIGIBLE ENTERPRISE ZONE BUSINESS.—

15 The term ‘eligible enterprise zone business’ means—

16 “(A) an enterprise zone business (as de-  
17 fined in section 1397D) located within an area  
18 that is an empowerment zone or enterprise  
19 community and that is within a nonattainment  
20 area (within the meaning of section 171 of the  
21 Clean Air Act (42 U.S.C. 7501)), and

22 “(B) a trade or business located outside of  
23 an empowerment zone or enterprise community,  
24 but only with respect to qualified clean-fuel ve-  
25 hicle property used substantially within an area

1           that is an empowerment zone or enterprise  
2           community and that is within a nonattainment  
3           area (within the meaning of section 171 of the  
4           Clean Air Act (42 U.S.C. 7501)).

5           For purposes of this paragraph, section 1397D shall  
6           be applied by substituting ‘empowerment zone or en-  
7           terprise community’ for ‘empowerment zone’ each  
8           place it appears.

9           “(2) CLEAN-BURNING FUEL.—The term ‘clean-  
10          burning fuel’ has the meaning given to such term by  
11          section 179A, except that such term includes com-  
12          pressed natural gas.

13          “(3) QUALIFIED CLEAN-FUEL VEHICLE PROP-  
14          ERTY.—The term ‘qualified clean-fuel vehicle prop-  
15          erty’ has the meaning given to such term by section  
16          179A(c) without regard to paragraph (3) thereof,  
17          except that such term does not include property that  
18          is a motor vehicle propelled by a fuel that is not a  
19          clean-burning fuel.

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

24          “(5) GASOLINE GALLON EQUIVALENT.—The  
25          term ‘gasoline gallon equivalent’ means, with respect

1 to any clean burning fuel, the amount (determined  
 2 by the Secretary) of such fuel having a Btu content  
 3 of 114,000.

4 “(e) DENIAL OF DOUBLE BENEFIT.—No credit shall  
 5 be allowed under subsection (a) for any expense for which  
 6 a deduction or credit is allowed under any other provision  
 7 of this chapter.”.

8 (b) RENEWAL COMMUNITIES.—Part III of sub-  
 9 chapter X of chapter 1 of the Internal Revenue Code of  
 10 1986 (relating to additional incentives for renewal commu-  
 11 nities) is amended by adding at the end the following new  
 12 section:

13 **“SEC. 1400K. RENEWAL COMMUNITY CLEAN FUELS CREDIT.**

14 “(a) IN GENERAL.—For purposes of section  
 15 1397C—

16 “(1) a renewal community shall be treated as  
 17 an empowerment zone,

18 “(2) a renewal community business shall be  
 19 treated as an enterprise zone business, and

20 “(3) qualified renewal property shall be treated  
 21 as qualified zone property.”.

22 (c) CREDIT MADE PART OF GENERAL BUSINESS  
 23 CREDIT.—Subsection (b) of section 38 of such Code (re-  
 24 lating to current year business credit) is amended by strik-  
 25 ing “plus” at the end of paragraph (11), by striking the

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

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

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

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

15 (e) CREDIT ALLOWED AGAINST REGULAR AND MIN-  
 16 IMUM TAX.—

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

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

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



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

4 “(ii) in applying paragraph (1) to the  
 5 credit—

6 “(I) subparagraph (A) thereof  
 7 shall not apply, and

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

14 “(B) ZONE CLEAN FUELS CREDIT.—For  
 15 purposes of this subsection, the term ‘zone  
 16 clean fuels credit’ means the credit allowable  
 17 under subsection (a) by reason of section  
 18 1397B.”.

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

23 (f) LIMITATION ON CARRYBACK.—Subsection (d) of  
 24 section 39 of such Code is amended by adding at the end  
 25 the following new paragraph:

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

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

14                 “(9) the empowerment zone clean fuels credit  
 15                 determined under section 1397C.”.

16          (h) CONFORMING AMENDMENTS.—

17                 (1) Paragraph (2) of section 1394(b) of such  
 18          Code is amended—

19                         (A) by striking “section 1397D” and in-  
 20                         serting “section 1397E”, and

21                         (B) by striking “section 1397D(a)(2)” and  
 22                         inserting “section 1397E(a)(2)”.

23                 (2) Paragraph (3) of section 1394(b) of such  
 24          Code is amended—

1 (A) by striking “section 1397C” each place  
2 it appears and inserting “section 1397D”, and

3 (B) by striking “section 1397C(d)” and in-  
4 serting “section 1397D(d)”.

5 (3) Paragraph (3) of section 1394(f) of such  
6 Code is amended by striking “sections 1397C and  
7 1397D” both places it appears and inserting “sec-  
8 tions 1397D and 1397E”.

9 (4) Section 1397B(b)(1)(A)(ii) of such Code is  
10 amended by striking “section 1397C” and inserting  
11 “section 1397D”.

12 (5) Sections 1400(e), 1400B(c), and 1400G of  
13 such Code are each amended by striking “section  
14 1397C” each place it appears and inserting “section  
15 1397D”.

16 (6) Section 1400J(b) of such Code is amended  
17 by striking “section 1397D” each place it appears  
18 and inserting “section 1397E”.

19 (7) Section 45D(d) of such Code is amended—

20 (A) in paragraph (2)(A)(v) by striking  
21 “section 1397C(e)” and inserting “section  
22 1397D(e)”, and

23 (B) in paragraph (3) by striking “section  
24 1397C(d)” and inserting “section 1397D(d)”.

1           (8) Section 1202(a)(2) of such Code is amended  
 2       by striking “section 1397C(b)” and inserting “sec-  
 3       tion 1397D(b)”.

4           (9) The table of subparts for part III of sub-  
 5       chapter U of chapter 1 of such Code is amended by  
 6       striking the last item and inserting the following  
 7       new items:

                  “Subpart D. Incentives for Clean-Fuel Vehicles.  
                   “Subpart E. General provisions.”.

8           (10) The table of sections for subpart E of such  
 9       part III is amended to read as follows:

                  “Sec. 1397E. Enterprise zone business defined.  
                   “Sec. 1397E. Qualified zone property defined.”.

10          (11) The table of sections for part III of sub-  
 11       chapter X of chapter 1 of such Code is amended by  
 12       adding at the end the following new item:

                  “Sec. 1400K. Renewal community clean fuels credit.”.

13          (i) **EFFECTIVE DATE.**—The amendments made by  
 14       this section shall apply to property placed in service after  
 15       December 31, 2000.

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