

108TH CONGRESS  
1ST SESSION

# H. R. 185

To amend the Internal Revenue Code of 1986 to provide a business credit relating to the use of clean-fuel vehicles by businesses within areas designated as nonattainment areas under the Clean Air Act.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 2003

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 a business credit relating to the use of clean-fuel vehicles by businesses within areas designated as nonattainment areas under the Clean Air Act.

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 CREDIT WITH RESPECT TO BUSI-**  
4 **NESSES LOCATED IN NONATTAINMENT**  
5 **AREAS.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-  
7 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to business-related credits) is amended by  
2 adding at the end the following new section:

3 **“SEC. 45G. CLEAN-FUEL CREDIT WITH RESPECT TO BUSI-**  
4 **NESSES LOCATED IN NONATTAINMENT**  
5 **AREAS.**

6 “(a) IN GENERAL.—For purposes of section 38, in  
7 the case of an eligible business the clean-fuel credit deter-  
8 mined under this section for the taxable year is the sum  
9 of—

10 “(1) the clean-fuel property credit, plus

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

12 “(b) CLEAN-FUEL PROPERTY CREDIT.—

13 “(1) IN GENERAL.—The clean-fuel property  
14 credit is the sum of—

15 “(A) qualified vehicle property costs, plus

16 “(B) qualified refueling property costs.

17 “(2) QUALIFIED VEHICLE PROPERTY COSTS.—

18 “(A) IN GENERAL.—For purposes of para-  
19 graph (1), the term ‘qualified vehicle property  
20 costs’ means the amount paid or incurred by  
21 the eligible business for qualified clean-fuel ve-  
22 hicle property which is placed in service during  
23 the taxable year by the eligible business and  
24 substantially all of the use of which is in a non-  
25 attainment area.

1           “(B) LIMITATION.—The amount which  
2 may be taken into account under subparagraph  
3 (A) with respect to any motor vehicle shall not  
4 exceed—

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

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

11           “(iii) \$50,000 in the case of—

12           “(I) a truck or van with a gross  
13 vehicle weight rating greater than  
14 26,000 pounds, or

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

18           “(C) QUALIFIED CLEAN-FUEL VEHICLE  
19 PROPERTY.—The term ‘qualified clean-fuel ve-  
20 hicle property’ shall have the meaning given to  
21 such term by section 179A(c) (without regard  
22 to paragraph (3) thereof), except that such  
23 term does not include property that is a motor  
24 vehicle propelled by a fuel that is not a clean-  
25 burning fuel.

1           “(3) QUALIFIED REFUELING PROPERTY  
2 COSTS.—

3           “(A) IN GENERAL.—For purposes of para-  
4 graph (1), the term ‘qualified refueling property  
5 costs’ means amounts paid or incurred by the  
6 eligible business for qualified clean-fuel vehicle  
7 refueling property (as defined by section  
8 179A(d)) which is placed in service in a non-  
9 attainment area during the taxable year by the  
10 eligible business.

11           “(B) LIMITATION.—

12           “(i) IN GENERAL.—The aggregate  
13 cost which may be taken into account  
14 under subparagraph (A) with respect to  
15 qualified clean-fuel vehicle refueling prop-  
16 erty placed in service by the eligible busi-  
17 ness during the taxable year at a location  
18 shall not exceed the lesser of—

19                   “(I) \$100,000, or

20                   “(II) the cost of such property  
21 reduced by the amount described in  
22 clause (ii).

23           “(ii) REDUCTION FOR AMOUNTS PRE-  
24 VIOUSLY TAKEN INTO ACCOUNT.—For pur-

1                   poses of clause (i)(II), the amount de-  
2                   scribed in this clause is the sum of—

3                               “(I) the aggregate amount taken  
4                               into account under paragraph (1)(B)  
5                               for all preceding taxable years, and

6                               “(II) the aggregate amount taken  
7                               into account under section  
8                               179A(a)(1)(B) by the taxpayer (or  
9                               any related person or predecessor)  
10                              with respect to property placed in  
11                              service at such location for all pre-  
12                              ceding taxable years.

13                              “(iii) SPECIAL RULES.—For purposes  
14                              of this subparagraph, the provisions of  
15                              subparagraphs (B) and (C) of section  
16                              179A(b)(2) shall apply.

17                   “(c) CLEAN-BURNING FUEL USE CREDIT.—

18                              “(1) IN GENERAL.—For purposes of subsection  
19                              (a), the clean-burning fuel use credit is the amount  
20                              equal to 50 cents for each gasoline gallon equivalent  
21                              of clean-burning fuel used by an eligible business  
22                              during the taxable year to propel qualified clean-fuel  
23                              vehicle property.

24                              “(2) CLEAN-BURNING FUEL.—For purposes of  
25                              paragraph (1), the term ‘clean-burning fuel’ has the

1 meaning given to such term by section 179A, except  
2 that such term includes compressed natural gas.

3 “(3) GASOLINE GALLON EQUIVALENT.—For  
4 purposes of paragraph (1), the term ‘gasoline gallon  
5 equivalent’ means, with respect to any clean burning  
6 fuel, the amount (determined by the Secretary) of  
7 such fuel having a Btu content of 114,000.

8 “(d) OTHER DEFINITIONS.—For purposes of this  
9 section—

10 “(1) ELIGIBLE BUSINESS.—The term ‘eligible  
11 business’ means—

12 “(A) a qualified business entity or a quali-  
13 fied proprietorship (as such terms are defined  
14 by section 1397C, determined by substituting  
15 ‘nonattainment area’ for ‘empowerment zone’  
16 and ‘enterprise zone’ each place it appears),  
17 and

18 “(B) a trade or business located outside of  
19 a nonattainment area, but only with respect to  
20 qualified clean-fuel vehicle property used sub-  
21 stantially within a nonattainment area.

22 “(2) NONATTAINMENT AREA.—The term ‘non-  
23 attainment area’ shall have the meaning given to  
24 such term by section 171 of the Clean Air Act (42  
25 U.S.C. 7501)).

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

5           (c) CREDIT MADE PART OF GENERAL BUSINESS  
6 CREDIT.—Subsection (b) of section 38 of such Code (re-  
7 lating to current year business credit) is amended by strik-  
8 ing “plus” at the end of paragraph (14), by striking the  
9 period at the end of paragraph (15) and inserting “, plus”,  
10 and by adding at the end thereof the following new para-  
11 graph:

12                   “(16) the clean-fuel credit determined under  
13 section 45G.”.

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

18                   “(d) ZONE CLEAN FUELS EXPENSES.—No deduction  
19 shall be allowed for that portion of expenses for clean-  
20 burning fuel otherwise allowable as a deduction for the  
21 taxable year which is equal to the amount of the credit  
22 determined for such taxable year under section 45G.”.

23           (e) CREDIT ALLOWED AGAINST REGULAR AND MIN-  
24 IMUM TAX.—

1           (1) IN GENERAL.—Subsection (c) of section 38  
2 of such Code (relating to limitation based on amount  
3 of tax) is amended by redesignating paragraph (4)  
4 as paragraph (5) and by inserting after paragraph  
5 (3) the following new paragraph:

6           “(4) SPECIAL RULES FOR CLEAN FUELS CRED-  
7 IT.—

8           “(A) IN GENERAL.—In the case of the  
9 clean fuels credit—

10           “(i) this section and section 39 shall  
11 be applied separately with respect to the  
12 credit, and

13           “(ii) in applying paragraph (1) to the  
14 credit—

15           “(I) subparagraph (A) thereof  
16 shall not apply, and

17           “(II) the limitation under para-  
18 graph (1) (as modified by subclause  
19 (I)) shall be reduced by the credit al-  
20 lowed under subsection (a) for the  
21 taxable year (other than the clean  
22 fuels credit).

23           “(B) CLEAN FUELS CREDIT.—For pur-  
24 poses of this subsection, the term ‘clean fuels

1 credit' means the credit allowable under sub-  
2 section (a) by reason of section 45G.”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Subclause (II) of section  
5 38(c)(2)(A)(ii) of such Code is amended by  
6 striking “or the New York Liberty Zone busi-  
7 ness employee credit” and inserting “, the New  
8 York Liberty Zone business employee credit, or  
9 the clean fuels credit”.

10 (B) Subclause (II) of section  
11 38(c)(3)(A)(ii) of such Code is amended by in-  
12 serting “or the clean fuels credit” after “em-  
13 ployment credit”.

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

17 “(11) NO CARRYBACK OF CLEAN FUELS CREDIT  
18 BEFORE EFFECTIVE DATE.—No portion of the un-  
19 used business credit for any taxable year which is  
20 attributable to the credit determined under section  
21 45G may be carried back to any taxable year ending  
22 before the date of the enactment of section 45G.”.

23 (g) DEDUCTION FOR CERTAIN UNUSED BUSINESS  
24 CREDITS.—Subsection (c) of section 196 of such Code is  
25 amended by striking “and” at the end of paragraph (9),

1 by striking the period at the end of paragraph (10) and  
2 inserting “, and”, and by adding after paragraph (10) the  
3 following new paragraph:

4           “(11) the clean fuels credit determined under  
5           section 45G.”.

6           (h) CONFORMING AMENDMENT.—The table of sec-  
7 tions for subpart D of part IV of subchapter A of chapter  
8 1 of such Code is amended by inserting after the item  
9 relating to section 45F the following new item:

                  “Sec. 45G. Clean-fuel credit with respect to businesses located in  
                  nonattainment areas.”.

10           (i) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to property placed in service after  
12 December 31, 2002.

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