

108TH CONGRESS
2D SESSION

H. R. 4777

To amend the Internal Revenue Code of 1986 to repeal the phaseout of the credit for qualified electric vehicles, to repeal the phaseout of the deduction for clean-fuel vehicle property, and to exempt certain hybrid vehicles from the limitation on the depreciation of certain luxury automobiles.

IN THE HOUSE OF REPRESENTATIVES

JULY 7, 2004

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

A BILL

To amend the Internal Revenue Code of 1986 to repeal the phaseout of the credit for qualified electric vehicles, to repeal the phaseout of the deduction for clean-fuel vehicle property, and to exempt certain hybrid vehicles from the limitation on the depreciation of certain luxury automobiles.

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.**

4 This Act may be cited as the “Fuel Efficiency Fair-
5 ness Act of 2004”.

1 **SEC. 2. REPEAL OF PHASEOUT OF CREDIT FOR QUALIFIED**
2 **ELECTRIC VEHICLES.**

3 (a) IN GENERAL.—Subsection (b) of section 30 of the
4 Internal Revenue Code of 1986 is amended by striking
5 paragraph (2) and by redesignating paragraph (3) as
6 paragraph (2).

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to property placed in service after
9 December 31, 2003.

10 **SEC. 3. REPEAL OF PHASEOUT OF DEDUCTION FOR CLEAN-**
11 **FUEL VEHICLE PROPERTY.**

12 (a) IN GENERAL.—Paragraph (1) of section 179A(b)
13 of the Internal Revenue Code of 1986 is amended to read
14 as follows:

15 “(1) QUALIFIED CLEAN-FUEL VEHICLE PROP-
16 erty.—The cost which may be taken into account
17 under subsection (a)(1)(A) with respect to any
18 motor vehicle shall not exceed—

19 “(A) in the case of a motor vehicle not de-
20 scribed in subparagraph (B) or (C), \$2,000,

21 “(B) in the case of any truck or van with
22 a gross vehicle weight rating greater than
23 10,000 pounds but not greater than 26,000
24 pounds, \$5,000, or

25 “(C) \$50,000 in the case of—

1 “(i) a truck or van with a gross vehi-
 2 cle weight rating greater than 26,000
 3 pounds, or

4 “(ii) any bus which has a seating ca-
 5 pacity of at least 20 adults (not including
 6 the driver).”.

7 (b) EFFECTIVE DATE.—The amendment made by
 8 this section shall apply to property placed in service after
 9 December 31, 2003.

10 **SEC. 4. EXCEPTION FOR HYBRID VEHICLES FROM LIMITA-**
 11 **TION ON DEPRECIATION OF CERTAIN LUX-**
 12 **URY VEHICLES.**

13 (a) IN GENERAL.—Subparagraph (B) of section
 14 280F(d)(5) of the Internal Revenue Code of 1986 is
 15 amended by striking “and” at the end of clause (ii), by
 16 striking the period at the end of clause (iii) and inserting
 17 “, and”, and by adding at the end the following new
 18 clause:

19 “(iv) any new qualified hybrid motor
 20 vehicle.”.

21 (b) NEW QUALIFIED HYBRID MOTOR VEHICLE.—
 22 Subsection (d) of section 280F of such Code is amended
 23 by adding at the end the following new paragraph:

24 “(11) NEW QUALIFIED HYBRID MOTOR VEHI-
 25 CLE.—

1 “(A) The term ‘qualified hybrid motor ve-
2 hicle’ means a passenger automobile (deter-
3 mined without regard to paragraph
4 (5)(B)(iv))—

5 “(i) which is acquired for use or lease
6 by the taxpayer and not for resale,

7 “(ii) which is made by a manufac-
8 turer,

9 “(iii) which draws propulsion energy
10 from—

11 “(I) an internal combustion or
12 heat engine using combustible fuel,
13 and

14 “(II) a rechargeable onboard en-
15 ergy storage system which operates at
16 no less than 100 volts and which pro-
17 vides a percentage of maximum avail-
18 able power of at least 5 percent,

19 “(iv) which has received a certificate
20 that such vehicle meets or exceeds the Bin
21 5 Tier II emission level established in reg-
22 ulations prescribed by the Administrator of
23 the Environmental Protection Agency
24 under section 202(i) of the Clean Air Act
25 for that make and model year vehicle, and

1 “(v) which achieves at least 125 per-
2 cent of the average 2002 model year city
3 fuel economy in the vehicle inertia weight
4 classes for the category of passenger auto-
5 mobile, light duty truck, or medium duty
6 passenger vehicle (as defined and deter-
7 mined by the Environmental Protection
8 Agency) to which it belongs.

9 “(B) VEHICLE INERTIA WEIGHT CLASS-
10 ES.—For purposes of subparagraph (A)(v), the
11 vehicle inertial weight classes are—

12 “(i) 1,500 and 1,750 pounds (cal-
13 culated based on the 1,750 pound weight
14 class),

15 “(ii) 2,000 pounds,

16 “(iii) 2,250 pounds,

17 “(iv) 2,500 pounds,

18 “(v) 2,750 pounds,

19 “(vi) 3,000 pounds,

20 “(vii) 3,500 pounds,

21 “(viii) 4,000 pounds,

22 “(ix) 4,500 pounds,

23 “(x) 5,000 pounds,

24 “(xi) 5,500 pounds, and

25 “(xii) 6,000 pounds.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service after
3 December 31, 2003.

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