

108TH CONGRESS
2D SESSION

H. R. 5078

To amend the Internal Revenue Code of 1986 to provide incentives for
alternative fuels and alternative fuel vehicles.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 14, 2004

Mr. RUPPERSBERGER 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 provide
incentives for alternative fuels and alternative fuel vehicles.

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 (a) SHORT TITLE.—This Act may be cited as the
5 “Common Sense Automobile Efficiency Act of 2004”.

6 (b) AMENDMENT OF 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. REPEAL OF PHASEOUTS FOR QUALIFIED ELECTRIC**
 4 **VEHICLE CREDIT AND DEDUCTION FOR**
 5 **CLEAN FUEL-VEHICLES.**

6 (a) CREDIT FOR QUALIFIED ELECTRIC VEHICLES.—
 7 Subsection (b) of section 30 (relating to limitations) is
 8 amended by striking paragraph (2) and redesignating
 9 paragraph (3) as paragraph (2).

10 (b) DEDUCTION FOR CLEAN-FUEL VEHICLES AND
 11 CERTAIN REFUELING PROPERTY.—Paragraph (1) of sec-
 12 tion 179A(b) (relating to qualified clean-fuel vehicle prop-
 13 erty) is amended to read as follows:

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

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

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

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

10 **SEC. 3. ALTERNATIVE MOTOR VEHICLE CREDIT.**

11 (a) IN GENERAL.—Subpart B of part IV of sub-
 12 chapter A of chapter 1 (relating to foreign tax credit, etc.)
 13 is amended by adding at the end the following:

14 **“SEC. 30B. ALTERNATIVE MOTOR VEHICLE CREDIT.**

15 “(a) ALLOWANCE OF CREDIT.—There shall be al-
 16 lowed as a credit against the tax imposed by this chapter
 17 for the taxable year an amount equal to the sum of—

18 “(1) the new qualified fuel cell motor vehicle
 19 credit determined under subsection (b),

20 “(2) the new advanced lean burn technology
 21 motor vehicle credit determined under subsection (c),

22 “(3) the new qualified hybrid motor vehicle
 23 credit determined under subsection (d), and

24 “(4) the new qualified alternative fuel motor ve-
 25 hicle credit determined under subsection (e).

1 “(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE
2 CREDIT.—

3 “(1) IN GENERAL.—For purposes of subsection
4 (a), the new qualified fuel cell motor vehicle credit
5 determined under this subsection with respect to a
6 new qualified fuel cell motor vehicle placed in service
7 by the taxpayer during the taxable year shall be de-
8 termined in accordance with the following table:

“In the case of a vehicle which has a gross vehicle weight rat- ing of—	The new qualified fuel cell motor vehicle credit is—
Not more than 8,500 lbs	\$4,000
More than 8,500 lbs but not more than 14,000 lbs	\$10,000
More than 14,000 lbs but not more than 26,000 lbs	\$20,000
More than 26,000 lbs	\$40,000.

9 “(2) INCREASE FOR FUEL EFFICIENCY.—

10 “(A) IN GENERAL.—The amount deter-
11 mined under paragraph (1) with respect to a
12 new qualified fuel cell motor vehicle which is a
13 passenger automobile or light truck shall be in-
14 creased by the additional credit amount.

15 “(B) ADDITIONAL CREDIT AMOUNT.—For
16 purposes of subparagraph (A), the additional
17 credit amount shall be determined in accord-
18 ance with the following table:

“In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—

	The additional credit amount is—
At least 150 percent but less than 175 percent	\$1,000
At least 175 percent but less than 200 percent	\$1,500
At least 200 percent but less than 225 percent	\$2,000
At least 225 percent but less than 250 percent	\$2,500
At least 250 percent but less than 275 percent	\$3,000
At least 275 percent but less than 300 percent	\$3,500
At least 300 percent	\$4,000.

1 “(3) NEW QUALIFIED FUEL CELL MOTOR VEHI-
2 CLE.—For purposes of this subsection, the term
3 ‘new qualified fuel cell motor vehicle’ means a motor
4 vehicle—

5 “(A) which is propelled by power derived
6 from one or more cells which convert chemical
7 energy directly into electricity by combining ox-
8 ygen with hydrogen fuel which is stored on
9 board the vehicle in any form and may or may
10 not require reformation prior to use,

11 “(B) which, in the case of a passenger
12 automobile or light truck, has received—

13 “(i) a certificate of conformity under
14 the Clean Air Act and meets or exceeds the
15 equivalent qualifying California low emis-
16 sion vehicle standard under section
17 243(e)(2) of the Clean Air Act for that
18 make and model year, and

1 “(ii) a certificate that such vehicle
 2 meets or exceeds the Bin 5 Tier II emis-
 3 sion standard established in regulations
 4 prescribed by the Administrator of the En-
 5 vironmental Protection Agency under sec-
 6 tion 202(i) of the Clean Air Act for that
 7 make and model year vehicle,

8 “(C) the original use of which commences
 9 with the taxpayer,

10 “(D) which is acquired for use or lease by
 11 the taxpayer and not for resale, and

12 “(E) which is made by a manufacturer.

13 “(c) NEW ADVANCED LEAN BURN TECHNOLOGY
 14 MOTOR VEHICLE CREDIT.—

15 “(1) IN GENERAL.—For purposes of subsection
 16 (a), the new advanced lean burn technology motor
 17 vehicle credit determined under this subsection with
 18 respect to a new advanced lean burn technology
 19 motor vehicle placed in service by the taxpayer dur-
 20 ing the taxable year is the credit amount determined
 21 under paragraph (2).

22 “(2) CREDIT AMOUNT.—

23 “(A) FUEL ECONOMY.—The credit amount
 24 determined under this paragraph shall be deter-
 25 mined in accordance with the following table:

“In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—

The credit amount is—	
At least 125 percent but less than 150 percent	\$400
At least 150 percent but less than 175 percent	\$800
At least 175 percent but less than 200 percent	\$1,200
At least 200 percent but less than 225 percent	\$1,600
At least 225 percent but less than 250 percent	\$2,000
At least 250 percent	\$2,400.

1 “(B) CONSERVATION CREDIT.—The
2 amount determined under subparagraph (A)
3 with respect to a new advanced lean burn tech-
4 nology motor vehicle shall be increased by the
5 conservation credit amount determined in ac-
6 cordance with the following table:

“In the case of a vehicle which achieves a lifetime fuel savings (expressed in gallons of gasoline) of—

The conservation credit amount is—	
At least 1,200 but less than 1,800	\$250
At least 1,800 but less than 2,400	\$500
At least 2,400 but less than 3,000	\$750
At least 3,000	\$1,000.

7 “(3) NEW ADVANCED LEAN BURN TECHNOLOGY
8 MOTOR VEHICLE.—For purposes of this subsection,
9 the term ‘new advanced lean burn technology motor
10 vehicle’ means a passenger automobile or a light
11 truck—
12 “(A) with an internal combustion engine
13 which—

1 “(i) is designed to operate primarily
2 using more air than is necessary for com-
3 plete combustion of the fuel,

4 “(ii) incorporates direct injection,

5 “(iii) achieves at least 125 percent of
6 the 2002 model year city fuel economy,

7 “(iv) for 2004 and later model vehi-
8 cles, has received a certificate that such ve-
9 hicle meets or exceeds—

10 “(I) in the case of a vehicle hav-
11 ing a gross vehicle weight rating of
12 6,000 pounds or less, the Bin 5 Tier
13 II emission standard established in
14 regulations prescribed by the Adminis-
15 trator of the Environmental Protec-
16 tion Agency under section 202(i) of
17 the Clean Air Act for that make and
18 model year vehicle, and

19 “(II) in the case of a vehicle hav-
20 ing a gross vehicle weight rating of
21 more than 6,000 pounds but not more
22 than 8,500 pounds, the Bin 8 Tier II
23 emission standard which is so estab-
24 lished,

1 “(B) the original use of which commences
2 with the taxpayer,

3 “(C) which is acquired for use or lease by
4 the taxpayer and not for resale, and

5 “(D) which is made by a manufacturer.

6 “(4) LIFETIME FUEL SAVINGS.—For purposes
7 of this subsection, the term ‘lifetime fuel savings’
8 means, in the case of any new advanced lean burn
9 technology motor vehicle, an amount equal to the ex-
10 cess (if any) of—

11 “(A) 120,000 divided by the 2002 model
12 year city fuel economy for the vehicle inertia
13 weight class, over

14 “(B) 120,000 divided by the city fuel econ-
15 omy for such vehicle.

16 “(d) NEW QUALIFIED HYBRID MOTOR VEHICLE
17 CREDIT.—

18 “(1) IN GENERAL.—For purposes of subsection
19 (a), the new qualified hybrid motor vehicle credit de-
20 termined under this subsection with respect to a new
21 qualified hybrid motor vehicle placed in service by
22 the taxpayer during the taxable year is the credit
23 amount determined under paragraph (2).

24 “(2) CREDIT AMOUNT.—

1 “(A) CREDIT AMOUNT FOR PASSENGER
2 AUTOMOBILES AND LIGHT TRUCKS.—In the
3 case of a new qualified hybrid motor vehicle
4 which is a passenger automobile or light truck
5 and which has a gross vehicle weight rating of
6 not more than 8,500 pounds, the amount deter-
7 mined under this paragraph is the sum of the
8 amounts determined under clauses (i) and (ii).

9 “(i) FUEL ECONOMY.—The amount
10 determined under this clause is the amount
11 which would be determined under sub-
12 section (c)(2)(A) if such vehicle were a ve-
13 hicle referred to in such subsection.

14 “(ii) CONSERVATION CREDIT.—The
15 amount determined under this clause is the
16 amount which would be determined under
17 subsection (c)(2)(B) if such vehicle were a
18 vehicle referred to in such subsection.

19 “(B) CREDIT AMOUNT FOR OTHER MOTOR
20 VEHICLES.—

21 “(i) IN GENERAL.—In the case of any
22 new qualified hybrid motor vehicle to which
23 subparagraph (A) does not apply, the
24 amount determined under this paragraph
25 is the amount equal to the applicable per-

centage of the qualified incremental hybrid
cost of the vehicle as certified under clause
(v).

“(ii) APPLICABLE PERCENTAGE.—For
purposes of clause (i), the applicable per-
centage is—

“(I) 20 percent if the vehicle
achieves an increase in city fuel econ-
omy relative to a comparable vehicle
of at least 30 percent but less than 40
percent,

“(II) 30 percent if the vehicle
achieves such an increase of at least
40 percent but less than 50 percent,
and

“(III) 40 percent if the vehicle
achieves such an increase of at least
50 percent.

“(iii) QUALIFIED INCREMENTAL HY-
BRID COST.—For purposes of this subpara-
graph, the qualified incremental hybrid
cost of any vehicle is equal to the amount
of the excess of the manufacturer’s sug-
gested retail price for such vehicle over

1 such price for a comparable vehicle, to the
2 extent such amount does not exceed—

3 “(I) \$7,500, if such vehicle has a
4 gross vehicle weight rating of not
5 more than 14,000 pounds,

6 “(II) \$15,000, if such vehicle has
7 a gross vehicle weight rating of more
8 than 14,000 pounds but not more
9 than 26,000 pounds, and

10 “(III) \$30,000, if such vehicle
11 has a gross vehicle weight rating of
12 more than 26,000 pounds.

13 “(iv) COMPARABLE VEHICLE.—For
14 purposes of this subparagraph, the term
15 ‘comparable vehicle’ means, with respect to
16 any new qualified hybrid motor vehicle,
17 any vehicle which is powered solely by a
18 gasoline or diesel internal combustion en-
19 gine and which is comparable in weight,
20 size, and use to such vehicle.

21 “(v) CERTIFICATION.—A certification
22 described in clause (i) shall be made by the
23 manufacturer and shall be determined in
24 accordance with guidance prescribed by the
25 Secretary. Such guidance shall specify pro-

1 cedures and methods for calculating fuel
2 economy savings and incremental hybrid
3 costs.

4 “(3) NEW QUALIFIED HYBRID MOTOR VEHI-
5 CLE.—For purposes of this subsection—

6 “(A) IN GENERAL.—The term ‘new quali-
7 fied hybrid motor vehicle’ means a motor vehi-
8 cle—

9 “(i) which draws propulsion energy
10 from onboard sources of stored energy
11 which are both—

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

15 “(II) a rechargeable energy stor-
16 age system;

17 “(ii) which, in the case of a vehicle to
18 which paragraph (2)(A) applies, has re-
19 ceived a certificate of conformity under the
20 Clean Air Act and meets or exceeds the
21 equivalent qualifying California low emis-
22 sion vehicle standard under section
23 243(e)(2) of the Clean Air Act for that
24 make and model year, and—

1 “(I) in the case of a vehicle hav-
2 ing a gross vehicle weight rating of
3 6,000 pounds or less, the Bin 5 Tier
4 II emission standard established in
5 regulations prescribed by the Adminis-
6 trator of the Environmental Protec-
7 tion Agency under section 202(i) of
8 the Clean Air Act for that make and
9 model year vehicle, and

10 “(II) in the case of a vehicle hav-
11 ing a gross vehicle weight rating of
12 more than 6,000 pounds but not more
13 than 8,500 pounds, the Bin 8 Tier II
14 emission standard which is so estab-
15 lished;

16 “(iii) which has a maximum available
17 power of at least—

18 “(I) 4 percent in the case of a ve-
19 hicle to which paragraph (2)(A) ap-
20 plies,

21 “(II) 10 percent in the case of a
22 vehicle which has a gross vehicle
23 weight rating or more than 8,500
24 pounds and not than 14,000 pounds,
25 and

1 “(III) 15 percent in the case of a
2 vehicle in excess of 14,000 pounds;

3 “(iv) which, in the case of a vehicle to
4 which paragraph (2)(B) applies, has an in-
5 ternal combustion or heat engine which
6 has received a certificate of conformity
7 under the Clean Air Act as meeting the
8 emission standards set in the regulations
9 prescribed by the Administrator of the En-
10 vironmental Protection Agency for 2004
11 through 2007 model year diesel heavy duty
12 engines or ottocycle heavy duty engines, as
13 applicable;

14 “(v) the original use of which com-
15 mences with the taxpayer;

16 “(vi) which is acquired for use or
17 lease by the taxpayer and not for resale;
18 and

19 “(vii) which is made by a manufac-
20 turer.

21 Such term shall not include any vehicle which
22 is not a passenger automobile or light truck if
23 such vehicle has a gross vehicle weight rating of
24 less than 8,500 pounds.

1 “(B) CONSUMABLE FUEL.—For purposes
2 of subparagraph (A)(i)(I), the term ‘consumable
3 fuel’ means any solid, liquid, or gaseous matter
4 which releases energy when consumed by an
5 auxiliary power unit.

6 “(C) MAXIMUM AVAILABLE POWER.—

7 “(i) CERTAIN PASSENGER AUTO-
8 MOBILES AND LIGHT TRUCKS.—In the case
9 of a vehicle to which paragraph (2)(A) ap-
10 plies, the term ‘maximum available power’
11 means the maximum power available from
12 the rechargeable energy storage system,
13 during a standard 10 second pulse power
14 or equivalent test, divided by such max-
15 imum power and the SAE net power of the
16 heat engine.

17 “(ii) OTHER MOTOR VEHICLES.—In
18 the case of a vehicle to which paragraph
19 (2)(B) applies, the term ‘maximum avail-
20 able power’ means the maximum power
21 available from the rechargeable energy
22 storage system, during a standard 10 sec-
23 ond pulse power or equivalent test, divided
24 by the vehicle’s total traction power. For
25 purposes of the preceding sentence, the

1 term ‘total traction power’ means the sum
2 of the peak power from the rechargeable
3 energy storage system and the heat engine
4 peak power of the vehicle, except that if
5 such storage system is the sole means by
6 which the vehicle can be driven, the total
7 traction power is the peak power of such
8 storage system.

9 “(e) NEW QUALIFIED ALTERNATIVE FUEL MOTOR
10 VEHICLE CREDIT.—

11 “(1) ALLOWANCE OF CREDIT.—Except as pro-
12 vided in paragraph (5), the new qualified alternative
13 fuel motor vehicle credit determined under this sub-
14 section is an amount equal to the applicable percent-
15 age of the incremental cost of any new qualified al-
16 ternative fuel motor vehicle placed in service by the
17 taxpayer during the taxable year.

18 “(2) APPLICABLE PERCENTAGE.—For purposes
19 of paragraph (1), the applicable percentage with re-
20 spect to any new qualified alternative fuel motor ve-
21 hicle is—

22 “(A) 40 percent, plus

23 “(B) 30 percent, if such vehicle—

24 “(i) has received a certificate of con-
25 formity under the Clean Air Act and meets

1 or exceeds the most stringent standard
2 available for certification under the Clean
3 Air Act for that make and model year vehi-
4 cle (other than a zero emission standard),
5 or

6 “(ii) has received an order certifying
7 the vehicle as meeting the same require-
8 ments as vehicles which may be sold or
9 leased in California and meets or exceeds
10 the most stringent standard available for
11 certification under the State laws of Cali-
12 fornia (enacted in accordance with a waiv-
13 er granted under section 209(b) of the
14 Clean Air Act) for that make and model
15 year vehicle (other than a zero emission
16 standard).

17 For purposes of the preceding sentence, in the case
18 of any new qualified alternative fuel motor vehicle
19 which has a gross vehicle weight rating of more than
20 14,000 pounds, the most stringent standard avail-
21 able shall be such standard available for certification
22 on the date of the enactment of the Energy Tax Pol-
23 icy Act of 2003.

24 “(3) INCREMENTAL COST.—For purposes of
25 this subsection, the incremental cost of any new

1 qualified alternative fuel motor vehicle is equal to
2 the amount of the excess of the manufacturer's sug-
3 gested retail price for such vehicle over such price
4 for a gasoline or diesel fuel motor vehicle of the
5 same model, to the extent such amount does not ex-
6 ceed—

7 “(A) \$5,000, if such vehicle has a gross ve-
8 hicle weight rating of not more than 8,500
9 pounds,

10 “(B) \$10,000, if such vehicle has a gross
11 vehicle weight rating of more than 8,500
12 pounds but not more than 14,000 pounds,

13 “(C) \$25,000, if such vehicle has a gross
14 vehicle weight rating of more than 14,000
15 pounds but not more than 26,000 pounds, and

16 “(D) \$40,000, if such vehicle has a gross
17 vehicle weight rating of more than 26,000
18 pounds.

19 “(4) NEW QUALIFIED ALTERNATIVE FUEL
20 MOTOR VEHICLE.—For purposes of this sub-
21 section—

22 “(A) IN GENERAL.—The term ‘new quali-
23 fied alternative fuel motor vehicle’ means any
24 motor vehicle—

1 “(i) which is only capable of operating
2 on an alternative fuel,

3 “(ii) the original use of which com-
4 mences with the taxpayer,

5 “(iii) which is acquired by the tax-
6 payer for use or lease, but not for resale,
7 and

8 “(iv) which is made by a manufac-
9 turer.

10 “(B) ALTERNATIVE FUEL.—The term ‘al-
11 ternative fuel’ means compressed natural gas,
12 liquefied natural gas, liquefied petroleum gas,
13 hydrogen, and any liquid at least 85 percent of
14 the volume of which consists of methanol.

15 “(5) CREDIT FOR MIXED-FUEL VEHICLES.—

16 “(A) IN GENERAL.—In the case of a
17 mixed-fuel vehicle placed in service by the tax-
18 payer during the taxable year, the credit deter-
19 mined under this subsection is an amount equal
20 to—

21 “(i) in the case of a 75/25 mixed-fuel
22 vehicle, 70 percent of the credit which
23 would have been allowed under this sub-
24 section if such vehicle was a qualified alter-
25 native fuel motor vehicle, and

1 “(ii) in the case of a 90/10 mixed-fuel
2 vehicle, 90 percent of the credit which
3 would have been allowed under this sub-
4 section if such vehicle was a qualified alter-
5 native fuel motor vehicle.

6 “(B) MIXED-FUEL VEHICLE.—For pur-
7 poses of this subsection, the term ‘mixed-fuel
8 vehicle’ means any motor vehicle described in
9 subparagraph (C) or (D) of paragraph (3),
10 which—

11 “(i) is certified by the manufacturer
12 as being able to perform efficiently in nor-
13 mal operation on a combination of an al-
14 ternative fuel and a petroleum-based fuel,

15 “(ii) either—

16 “(I) has received a certificate of
17 conformity under the Clean Air Act,
18 or

19 “(II) has received an order certi-
20 fying the vehicle as meeting the same
21 requirements as vehicles which may be
22 sold or leased in California and meets
23 or exceeds the low emission vehicle
24 standard under section 88.105–94 of

1 title 40, Code of Federal Regulations,
2 for that make and model year vehicle,
3 “(iii) the original use of which com-
4 mences with the taxpayer,
5 “(iv) which is acquired by the tax-
6 payer for use or lease, but not for resale,
7 and
8 “(v) which is made by a manufac-
9 turer.

10 “(C) 75/25 MIXED-FUEL VEHICLE.—For
11 purposes of this subsection, the term ‘75/25
12 mixed-fuel vehicle’ means a mixed-fuel vehicle
13 which operates using at least 75 percent alter-
14 native fuel and not more than 25 percent petro-
15 leum-based fuel.

16 “(D) 90/10 MIXED-FUEL VEHICLE.—For
17 purposes of this subsection, the term ‘90/10
18 mixed-fuel vehicle’ means a mixed-fuel vehicle
19 which operates using at least 90 percent alter-
20 native fuel and not more than 10 percent petro-
21 leum-based fuel.

22 “(f) LIMITATION ON NUMBER OF NEW QUALIFIED
23 HYBRID AND ADVANCED LEAN-BURN TECHNOLOGY VE-
24 HICLES ELIGIBLE FOR CREDIT.—

1 “(1) IN GENERAL.—In the case of a qualified
2 vehicle sold during the phaseout period, only the ap-
3 plicable percentage of the credit otherwise allowable
4 under subsection (c) or (d) shall be allowed.

5 “(2) PHASEOUT PERIOD.—For purposes of this
6 subsection, the phaseout period is the period begin-
7 ning with the second calendar quarter following the
8 calendar quarter which includes the first date on
9 which the number of qualified vehicles manufactured
10 by the manufacturer of the vehicle referred to in
11 paragraph (1) sold for use in the United States after
12 the date of the enactment of this section is at least
13 80,000.

14 “(3) APPLICABLE PERCENTAGE.—For purposes
15 of paragraph (1), the applicable percentage is—

16 “(A) 50 percent for the first 2 calendar
17 quarters of the phaseout period,

18 “(B) 25 percent for the 3d and 4th cal-
19 endar quarters of the phaseout period, and

20 “(C) 0 percent for each calendar quarter
21 thereafter.

22 “(4) CONTROLLED GROUPS.—

23 “(A) IN GENERAL.—For purposes of this
24 subsection, all persons treated as a single em-
25 ployer under subsection (a) or (b) of section 52

1 or subsection (m) or (o) of section 414 shall be
2 treated as a single manufacturer.

3 “(B) INCLUSION OF FOREIGN CORPORA-
4 TIONS.—For purposes of subparagraph (A), in
5 applying subsections (a) and (b) of section 52
6 to this section, section 1563 shall be applied
7 without regard to subsection (b)(2)(C) thereof.

8 “(5) QUALIFIED VEHICLE.—For purposes of
9 this subsection, the term ‘qualified vehicle’ means
10 any new qualified hybrid motor vehicle and any new
11 advanced lean burn technology motor vehicle.

12 “(g) LIMITATION BASED ON AMOUNT OF TAX.—The
13 credit allowed under subsection (a) for the taxable year
14 shall not exceed the excess of—

15 “(1) the sum of the regular tax liability (as de-
16 fined in section 26(b)) plus the tax imposed by sec-
17 tion 55, over

18 “(2) the sum of the credits allowable under sub-
19 part A and sections 27 and 30 for the taxable year.

20 “(h) OTHER DEFINITIONS AND SPECIAL RULES.—
21 For purposes of this section—

22 “(1) MOTOR VEHICLE.—The term ‘motor vehi-
23 cle’ has the meaning given such term by section
24 30(c)(2).

1 “(2) OTHER TERMS.—The terms ‘automobile’,
 2 ‘passenger automobile’, ‘light truck’, and ‘manufac-
 3 turer’ have the meanings given such terms in regula-
 4 tions prescribed by the Administrator of the Envi-
 5 ronmental Protection Agency for purposes of the ad-
 6 ministration of title II of the Clean Air Act (42
 7 U.S.C. 7521 et seq.).

8 “(3) 2002 MODEL YEAR CITY FUEL ECON-
 9 OMY.—

10 “(A) IN GENERAL.—The 2002 model year
 11 city fuel economy with respect to a vehicle shall
 12 be determined in accordance with the following
 13 tables:

14 “(i) In the case of a passenger auto-
 15 mobile:

“If vehicle inertia weight class is:	The 2002 model year city fuel economy is:
1,500 or 1,750 lbs	45.2 mpg
2,000 lbs	39.6 mpg
2,250 lbs	35.2 mpg
2,500 lbs	31.7 mpg
2,750 lbs	28.8 mpg
3,000 lbs	26.4 mpg
3,500 lbs	22.6 mpg
4,000 lbs	19.8 mpg
4,500 lbs	17.6 mpg
5,000 lbs	15.9 mpg
5,500 lbs	14.4 mpg
6,000 lbs	13.2 mpg
6,500 lbs	12.2 mpg
7,000 to 8,500 lbs	11.3 mpg.

16 “(ii) In the case of a light truck:

“If vehicle inertia weight class is:	The 2002 model year city fuel economy is:
1,500 or 1,750 lbs	39.4 mpg
2,000 lbs	35.2 mpg

“If vehicle inertia weight class is:	The 2002 model year city fuel economy is:
2,250 lbs	31.8 mpg
2,500 lbs	29.0 mpg
2,750 lbs	26.8 mpg
3,000 lbs	24.9 mpg
3,500 lbs	21.8 mpg
4,000 lbs	19.4 mpg
4,500 lbs	17.6 mpg
5,000 lbs	16.1 mpg
5,500 lbs	14.8 mpg
6,000 lbs	13.7 mpg
6,500 lbs	12.8 mpg
7,000 to 8,500 lbs	12.1 mpg.

1 “(B) VEHICLE INERTIA WEIGHT CLASS.—

2 For purposes of subparagraph (A), the term
3 ‘vehicle inertia weight class’ has the same
4 meaning as when defined in regulations pre-
5 scribed by the Administrator of the Environ-
6 mental Protection Agency for purposes of the
7 administration of title II of the Clean Air Act
8 (42 U.S.C. 7521 et seq.).

9 “(4) FUEL ECONOMY.—Fuel economy with re-
10 spect to any vehicle shall be measured under rules
11 similar to the rules under section 4064(c).

12 “(5) REDUCTION IN BASIS.—For purposes of
13 this subtitle, if a credit is allowed under this section
14 for any expenditure with respect to any property, the
15 increase in the basis of such property which would
16 (but for this paragraph) result from such expendi-
17 ture shall be reduced by the amount of the credit so
18 allowed.

1 “(6) NO DOUBLE BENEFIT.—The amount of
2 any deduction or credit allowable under this chapter
3 (other than the credits allowable under this section
4 and section 30) shall be reduced by the amount of
5 credit allowed under subsection (a) for such vehicle
6 for the taxable year.

7 “(7) RECAPTURE.—The Secretary shall, by reg-
8 ulations, provide for recapturing the benefit of any
9 credit allowable under subsection (a) with respect to
10 any property which ceases to be property eligible for
11 such credit (including recapture in the case of a
12 lease period of less than the economic life of a vehi-
13 cle).

14 “(8) PROPERTY USED OUTSIDE UNITED
15 STATES, ETC., NOT QUALIFIED.—No credit shall be
16 allowed under subsection (a) with respect to any
17 property referred to in section 50(b) or with respect
18 to the portion of the cost of any property taken into
19 account under section 179.

20 “(9) ELECTION NOT TO TAKE CREDIT.—No
21 credit shall be allowed under subsection (a) for any
22 vehicle if the taxpayer elects to not have this section
23 apply to such vehicle.

24 “(10) BUSINESS CARRYOVERS ALLOWED.—If
25 the credit allowable under subsection (a) for a tax-

1 able year exceeds the limitation under subsection (g)
2 for such taxable year, such excess (to the extent of
3 the credit allowable with respect to property subject
4 to the allowance for depreciation) shall be allowed as
5 a credit carryback and carryforward under rules
6 similar to the rules of section 39.

7 “(11) INTERACTION WITH MOTOR VEHICLE
8 SAFETY STANDARDS.—Unless otherwise provided in
9 this section, a motor vehicle shall not be considered
10 eligible for a credit under this section unless such
11 vehicle is in compliance with the motor vehicle safety
12 provisions of sections 30101 through 30169 of title
13 49, United States Code.

14 “(i) REGULATIONS.—

15 “(1) IN GENERAL.—The Secretary shall pro-
16 mulgate such regulations as necessary to carry out
17 the provisions of this section.

18 “(2) DETERMINATION OF MOTOR VEHICLE ELI-
19 GIBILITY.—The Secretary, after coordination with
20 the Secretary of Transportation and the Adminis-
21 trator of the Environmental Protection Agency, shall
22 prescribe such regulations as necessary to determine
23 whether a motor vehicle meets the requirements to
24 be eligible for a credit under this section.

1 “(j) TERMINATION.—This section shall not apply to
2 any property placed in service after—

3 “(1) in the case of a new qualified alternative
4 fuel motor vehicle, December 31, 2006,

5 “(2) in the case of a new advanced lean burn
6 technology motor vehicle or a new qualified hybrid
7 motor vehicle, December 31, 2008, and

8 “(3) in the case of a new qualified fuel cell
9 motor vehicle, December 31, 2012.”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Section 30(d) (relating to special rules) is
12 amended by adding at the end the following new
13 paragraphs:

14 “(5) NO DOUBLE BENEFIT.—No credit shall be
15 allowed under this section for any motor vehicle for
16 which a credit is also allowed under section 30B.”.

17 (2) Section 1016(a) is amended by striking
18 “and” at the end of paragraph (27), by striking the
19 period at the end of paragraph (28) and inserting “,
20 and”, and by adding at the end the following:

21 “(29) to the extent provided in section
22 30B(h)(5).”.

23 (3) Section 6501(m) is amended by inserting
24 “30B(h)(9),” after “30(d)(4),”.

1 (4) The table of sections for subpart B of part
2 IV of subchapter A of chapter 1 is amended by in-
3 serting after the item relating to section 30A the fol-
4 lowing:

 “Sec. 30B. Alternative motor vehicle credit.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to property placed in service after
7 the date of the enactment of this Act, in taxable years
8 ending after such date.

9 (d) STICKER INFORMATION REQUIRED AT RETAIL
10 SALE.—

11 (1) IN GENERAL.—The Secretary of the Treas-
12 ury shall issue regulations under which each quali-
13 fied vehicle sold at retail shall display a notice—

14 (A) that such vehicle is a qualified vehicle,
15 and

16 (B) that the buyer may not benefit from
17 the credit allowed under section 30B of the In-
18 ternal Revenue Code of 1986 if such buyer has
19 insufficient tax liability.

20 (2) QUALIFIED VEHICLE.—For purposes of
21 paragraph (1), the term “qualified vehicle” means a
22 vehicle with respect to which a credit is allowed
23 under section 30B of the Internal Revenue Code of
24 1986.

1 **SEC. 4. SMALL ETHANOL PRODUCER CREDIT.**

2 (a) ALLOCATION OF ALCOHOL FUELS CREDIT TO
3 PATRONS OF A COOPERATIVE.—Section 40(g) (relating to
4 definitions and special rules for eligible small ethanol pro-
5 ducer credit) is amended by adding at the end the fol-
6 lowing new paragraph:

7 “(6) ALLOCATION OF SMALL ETHANOL PRO-
8 DUCER CREDIT TO PATRONS OF COOPERATIVE.—

9 “(A) ELECTION TO ALLOCATE.—

10 “(i) IN GENERAL.—In the case of a
11 cooperative organization described in sec-
12 tion 1381(a), any portion of the credit de-
13 termined under subsection (a)(3) for the
14 taxable year may, at the election of the or-
15 ganization, be apportioned pro rata among
16 patrons of the organization on the basis of
17 the quantity or value of business done with
18 or for such patrons for the taxable year.

19 “(ii) FORM AND EFFECT OF ELEC-
20 TION.—An election under clause (i) for any
21 taxable year shall be made on a timely
22 filed return for such year. Such election,
23 once made, shall be irrevocable for such
24 taxable year.

1 “(B) TREATMENT OF ORGANIZATIONS AND
2 PATRONS.—The amount of the credit appor-
3 tioned to patrons under subparagraph (A)—

4 “(i) shall not be included in the
5 amount determined under subsection (a)
6 with respect to the organization for the
7 taxable year, and

8 “(ii) shall be included in the amount
9 determined under subsection (a) for the
10 taxable year of each patron for which the
11 patronage dividends for the taxable year
12 described in subparagraph (A) are included
13 in gross income.

14 “(C) SPECIAL RULE.—If the amount of a
15 credit which has been apportioned to any pa-
16 tron under this paragraph is decreased for any
17 reason—

18 “(i) such amount shall not increase
19 the tax imposed on such patron, and

20 “(ii) the tax imposed by this chapter
21 on such organization shall be increased by
22 such amount.

23 The increase under clause (ii) shall not be
24 treated as tax imposed by this chapter for pur-
25 poses of determining the amount of any credit

1 under this chapter or for purposes of section
2 55.”.

3 (b) DEFINITION OF SMALL ETHANOL PRODUCER.—
4 Section 40(g) (relating to definitions and special rules for
5 eligible small ethanol producer credit) is amended by strik-
6 ing “30,000,000” each place it appears and inserting
7 “60,000,000”.

8 (c) CONFORMING AMENDMENT.—Section 1388 (re-
9 lating to definitions and special rules for cooperative orga-
10 nizations) is amended by adding at the end the following
11 new subsection:

12 “(k) CROSS REFERENCE.—

**“For provisions relating to the apportionment of
the alcohol fuels credit between cooperative organi-
zations and their patrons, see section 40(g)(6).”.**

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2003.

16 **SEC. 5. INCENTIVES FOR BIODIESEL.**

17 (a) IN GENERAL.—Subpart D of part IV of sub-
18 chapter A of chapter 1 (relating to business related cred-
19 its) is amended by inserting after section 40 the following
20 new section:

21 **“SEC. 40A. BIODIESEL USED AS FUEL.**

22 “(a) GENERAL RULE.—For purposes of section 38,
23 the biodiesel fuels credit determined under this section for
24 the taxable year is an amount equal to the sum of—

1 “(1) the biodiesel mixture credit, plus

2 “(2) the biodiesel credit.

3 “(b) DEFINITION OF BIODIESEL MIXTURE CREDIT

4 AND BIODIESEL CREDIT.—For purposes of this section—

5 “(1) BIODIESEL MIXTURE CREDIT.—

6 “(A) IN GENERAL.—The biodiesel mixture
7 credit of any taxpayer for any taxable year is
8 50 cents for each gallon of biodiesel used by the
9 taxpayer in the production of a qualified bio-
10 diesel mixture.

11 “(B) QUALIFIED BIODIESEL MIXTURE.—

12 The term ‘qualified biodiesel mixture’ means a
13 mixture of biodiesel and a taxable fuel (within
14 the meaning of section 4083(a)(1)) which—

15 “(i) is sold by the taxpayer producing
16 such mixture to any person for use as a
17 fuel, or

18 “(ii) is used as a fuel by the taxpayer
19 producing such mixture.

20 “(C) SALE OR USE MUST BE IN TRADE OR

21 BUSINESS, ETC.—Biodiesel used in the produc-
22 tion of a qualified biodiesel mixture shall be
23 taken into account—

1 “(i) only if the sale or use described
2 in subparagraph (B) is in a trade or busi-
3 ness of the taxpayer, and

4 “(ii) for the taxable year in which
5 such sale or use occurs.

6 “(D) CASUAL OFF-FARM PRODUCTION NOT
7 ELIGIBLE.—No credit shall be allowed under
8 this section with respect to any casual off-farm
9 production of a qualified biodiesel mixture.

10 “(2) BIODIESEL CREDIT.—

11 “(A) IN GENERAL.—The biodiesel credit of
12 any taxpayer for any taxable year is 50 cents
13 for each gallon of biodiesel which is not in a
14 mixture and which during the taxable year—

15 “(i) is used by the taxpayer as a fuel
16 in a trade or business, or

17 “(ii) is sold by the taxpayer at retail
18 to a person and placed in the fuel tank of
19 such person’s vehicle.

20 “(B) USER CREDIT NOT TO APPLY TO BIO-
21 DIESEL SOLD AT RETAIL.—No credit shall be
22 allowed under subparagraph (A)(i) with respect
23 to any biodiesel which was sold in a retail sale
24 described in subparagraph (A)(ii).

1 “(3) CREDIT FOR AGRI-BIODIESEL.—In the
2 case of any biodiesel which is agri-biodiesel, para-
3 graphs (1)(A) and (2)(A) shall be applied by sub-
4 stituting ‘\$1.00’ for ‘50 cents’.

5 “(4) CERTIFICATION FOR BIODIESEL.—No
6 credit shall be allowed under this section unless the
7 taxpayer obtains a certification (in such form and
8 manner as prescribed by the Secretary) from the
9 producer of the biodiesel which identifies the product
10 produced and the percentage of biodiesel and agri-
11 biodiesel in the product.

12 “(c) COORDINATION WITH CREDIT AGAINST EXCISE
13 TAX.—The amount of the credit determined under this
14 section with respect to any biodiesel shall be properly re-
15 duced to take into account any benefit provided with re-
16 spect to such biodiesel solely by reason of the application
17 of section 6426.

18 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
19 poses of this section—

20 “(1) BIODIESEL.—The term ‘biodiesel’ means
21 the monoalkyl esters of long chain fatty acids de-
22 rived from plant or animal matter which meet—

23 “(A) the registration requirements for
24 fuels and fuel additives established by the Envi-

1 ronmental Protection Agency under section 211
2 of the Clean Air Act (42 U.S.C. 7545), and

3 “(B) the requirements of the American So-
4 ciety of Testing and Materials D6751.

5 “(2) AGRI-BIODIESEL.—The term ‘agri-bio-
6 diesel’ means biodiesel derived solely from virgin oils,
7 including esters derived from virgin vegetable oils
8 from corn, soybeans, sunflower seeds, cottonseeds,
9 canola, crambe, rapeseeds, safflowers, flaxseeds, rice
10 bran, and mustard seeds, and from animal fats.

11 “(3) MIXTURE OR BIODIESEL NOT USED AS A
12 FUEL, ETC.—

13 “(A) MIXTURES.—If—

14 “(i) any credit was determined under
15 this section with respect to biodiesel used
16 in the production of any qualified biodiesel
17 mixture, and

18 “(ii) any person—

19 “(I) separates the biodiesel from
20 the mixture, or

21 “(II) without separation, uses the
22 mixture other than as a fuel,

23 then there is hereby imposed on such person a
24 tax equal to the product of the rate applicable

1 under subsection (b)(1)(A) and the number of
 2 gallons of such biodiesel in such mixture.

3 “(B) BIODIESEL.—If—

4 “(i) any credit was determined under
 5 this section with respect to the retail sale
 6 of any biodiesel, and

7 “(ii) any person mixes such biodiesel
 8 or uses such biodiesel other than as a fuel,
 9 then there is hereby imposed on such person a
 10 tax equal to the product of the rate applicable
 11 under subsection (b)(2)(A) and the number of
 12 gallons of such biodiesel.

13 “(C) APPLICABLE LAWS.—All provisions of
 14 law, including penalties, shall, insofar as appli-
 15 cable and not inconsistent with this section,
 16 apply in respect of any tax imposed under sub-
 17 paragraph (A) or (B) as if such tax were im-
 18 posed by section 4081 and not by this chapter.

19 “(4) PASS-THRU IN THE CASE OF ESTATES AND
 20 TRUSTS.—Under regulations prescribed by the Sec-
 21 retary, rules similar to the rules of subsection (d) of
 22 section 52 shall apply.

23 “(e) TERMINATION.—This section shall not apply to
 24 any sale or use after December 31, 2005.”.

1 (b) CREDIT TREATED AS PART OF GENERAL BUSI-
 2 NESS CREDIT.—Section 38(b) (relating to current year
 3 business credit) is amended by striking “plus” at the end
 4 of paragraph (16), by striking the period at the end of
 5 paragraph (17) and inserting “, plus”, and by adding at
 6 the end the following new paragraph:

7 “(18) the biodiesel fuels credit determined
 8 under section 40A(a).”.

9 (c) CONFORMING AMENDMENTS.—

10 (1)(A) Section 87 is amended to read as fol-
 11 lows:

12 **“SEC. 87. ALCOHOL AND BIODIESEL FUELS CREDITS.**

13 “Gross income includes—

14 “(1) the amount of the alcohol fuels credit de-
 15 termined with respect to the taxpayer for the taxable
 16 year under section 40(a), and

17 “(2) the biodiesel fuels credit determined with
 18 respect to the taxpayer for the taxable year under
 19 section 40A(a).”.

20 (B) The item relating to section 87 in the
 21 table of sections for part II of subchapter B of
 22 chapter 1 is amended by striking “fuel credit”
 23 and inserting “and biodiesel fuels credits”.

24 (2) Section 196(c) is amended by striking
 25 “and” at the end of paragraph (9), by striking the

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

4 “(11) the biodiesel fuels credit determined
 5 under section 40A(a).”.

6 (3) The table of sections for subpart D of part
 7 IV of subchapter A of chapter 1 is amended by add-
 8 ing after the item relating to section 40 the fol-
 9 lowing new item:

“Sec. 40A. Biodiesel used as fuel.”.

10 (d) EFFECTIVE DATE.—The amendments made by
 11 this section shall apply to fuel produced, and sold or used,
 12 after December 31, 2003, in taxable years ending after
 13 such date.

14 **SEC. 6. ALCOHOL FUEL AND BIODIESEL MIXTURES EXCISE**
 15 **TAX CREDIT.**

16 (a) IN GENERAL.—Subchapter B of chapter 65 (re-
 17 lating to rules of special application) is amended by insert-
 18 ing after section 6425 the following new section:

19 **“SEC. 6426. CREDIT FOR ALCOHOL FUEL AND BIODIESEL**
 20 **MIXTURES.**

21 “(a) ALLOWANCE OF CREDITS.—There shall be al-
 22 lowed as a credit against the tax imposed by section 4081
 23 an amount equal to the sum of—

24 “(1) the alcohol fuel mixture credit, plus

25 “(2) the biodiesel mixture credit.

1 “(b) ALCOHOL FUEL MIXTURE CREDIT.—

2 “(1) IN GENERAL.—For purposes of this sec-
3 tion, the alcohol fuel mixture credit is the product
4 of the applicable amount and the number of gallons
5 of alcohol used by the taxpayer in producing any al-
6 cohool fuel mixture for sale or use in a trade or busi-
7 ness of the taxpayer.

8 “(2) APPLICABLE AMOUNT.—For purposes of
9 this subsection—

10 “(A) IN GENERAL.—Except as provided in
11 subparagraph (B), the applicable amount is 52
12 cents (51 cents in the case of any sale or use
13 after 2004).

14 “(B) MIXTURES NOT CONTAINING ETH-
15 ANOL.—In the case of an alcohol fuel mixture
16 in which none of the alcohol consists of ethanol,
17 the applicable amount is 60 cents.

18 “(3) ALCOHOL FUEL MIXTURE.—For purposes
19 of this subsection, the term ‘alcohol fuel mixture’
20 means a mixture of alcohol and a taxable fuel
21 which—

22 “(A) is sold by the taxpayer producing
23 such mixture to any person for use as a fuel,

24 “(B) is used as a fuel by the taxpayer pro-
25 ducing such mixture, or

1 “(C) is removed from the refinery by a
2 person producing such mixture.

3 “(4) OTHER DEFINITIONS.—For purposes of
4 this subsection—

5 “(A) ALCOHOL.—The term ‘alcohol’ in-
6 cludes methanol and ethanol but does not in-
7 clude—

8 “(i) alcohol produced from petroleum,
9 natural gas, or coal (including peat), or

10 “(ii) alcohol with a proof of less than
11 190 (determined without regard to any
12 added denaturants).

13 Such term also includes an alcohol gallon equiv-
14 alent of ethyl tertiary butyl ether or other
15 ethers produced from such alcohol.

16 “(B) TAXABLE FUEL.—The term ‘taxable
17 fuel’ has the meaning given such term by sec-
18 tion 4083(a)(1).

19 “(5) TERMINATION.—This subsection shall not
20 apply to any sale, use, or removal for any period
21 after December 31, 2010.

22 “(c) BIODIESEL MIXTURE CREDIT.—

23 “(1) IN GENERAL.—For purposes of this sec-
24 tion, the biodiesel mixture credit is the product of
25 the applicable amount and the number of gallons of

1 biodiesel used by the taxpayer in producing any bio-
 2 diesel mixture for sale or use in a trade or business
 3 of the taxpayer.

4 “(2) APPLICABLE AMOUNT.—For purposes of
 5 this subsection—

6 “(A) IN GENERAL.—Except as provided in
 7 subparagraph (B), the applicable amount is 50
 8 cents.

9 “(B) AMOUNT FOR AGRI-BIODIESEL.—In
 10 the case of any biodiesel which is agri-biodiesel,
 11 the applicable amount is \$1.00.

12 “(3) BIODIESEL MIXTURE.—For purposes of
 13 this section, the term ‘biodiesel mixture’ means a
 14 mixture of biodiesel and a taxable fuel which—

15 “(A) is sold by the taxpayer producing
 16 such mixture to any person for use as a fuel,

17 “(B) is used as a fuel by the taxpayer pro-
 18 ducing such mixture, or

19 “(C) is removed from the refinery by a
 20 person producing such mixture.

21 “(4) CERTIFICATION FOR BIODIESEL.—No
 22 credit shall be allowed under this section unless the
 23 taxpayer obtains a certification (in such form and
 24 manner as prescribed by the Secretary) from the
 25 producer of the biodiesel which identifies the product

1 produced and the percentage of biodiesel and agri-
2 biodiesel in the product.

3 “(5) OTHER DEFINITIONS.—Any term used in
4 this subsection which is also used in section 40A
5 shall have the meaning given such term by section
6 40A.

7 “(6) TERMINATION.—This subsection shall not
8 apply to any sale, use, or removal for any period
9 after December 31, 2005.

10 “(d) MIXTURE NOT USED AS A FUEL, ETC.—

11 “(1) IMPOSITION OF TAX.—If—

12 “(A) any credit was determined under this
13 section with respect to alcohol or biodiesel used
14 in the production of any alcohol fuel mixture or
15 biodiesel mixture, respectively, and

16 “(B) any person—

17 “(i) separates the alcohol or biodiesel
18 from the mixture, or

19 “(ii) without separation, uses the mix-
20 ture other than as a fuel,

21 then there is hereby imposed on such person a
22 tax equal to the product of the applicable
23 amount and the number of gallons of such alco-
24 hol or biodiesel.

1 “(2) APPLICABLE LAWS.—All provisions of law,
 2 including penalties, shall, insofar as applicable and
 3 not inconsistent with this section, apply in respect of
 4 any tax imposed under paragraph (1) as if such tax
 5 were imposed by section 4081 and not by this sec-
 6 tion.

7 “(e) COORDINATION WITH EXEMPTION FROM EX-
 8 CISE TAX.—Rules similar to the rules under section 40(c)
 9 shall apply for purposes of this section.”.

10 (b) REGISTRATION REQUIREMENT.—Section 4101(a)
 11 (relating to registration) is amended by inserting “and
 12 every person producing biodiesel (as defined in section
 13 40A(d)(1)) or alcohol (as defined in section
 14 6426(b)(4)(A))” after “4091”.

15 (c) ADDITIONAL AMENDMENTS.—

16 (1) Section 40(c) is amended by striking “or
 17 section 4091(c)” and inserting “section 4091(c), or
 18 section 6426”.

19 (2) Section 40(e)(1) is amended—

20 (A) by striking “2007” in subparagraph

21 (A) and inserting “2010”, and

22 (B) by striking “2008” in subparagraph

23 (B) and inserting “2011”.

24 (3) Section 40(h) is amended—

1 (A) by striking “2007” in paragraph (1)
2 and inserting “2010”, and

3 (B) by striking “, 2006, or 2007” in the
4 table contained in paragraph (2) and inserting
5 “through 2010”.

6 (4)(A) Subpart C of part III of subchapter A
7 of chapter 32 is amended by adding at the end the
8 following new section:

9 **“SEC. 4104. INFORMATION REPORTING FOR PERSONS**
10 **CLAIMING CERTAIN TAX BENEFITS.**

11 “(a) IN GENERAL.—The Secretary shall require any
12 person claiming tax benefits under the provisions of sec-
13 tion 34, 40, 40A, 4041(b)(2), 4041(k), 4081(c), 6426, or
14 6427(f) to file a quarterly return (in such manner as the
15 Secretary may prescribe) providing such information relat-
16 ing to such benefits and the coordination of such benefits
17 as the Secretary may require to ensure the proper admin-
18 istration and use of such benefits.

19 “(b) ENFORCEMENT.—With respect to any person
20 described in subsection (a) and subject to registration re-
21 quirements under this title, rules similar to rules of section
22 4222(c) shall apply with respect to any requirement under
23 this section.”.

1 (B) The table of sections for subpart C of part
 2 III of subchapter A of chapter 32 is amended by
 3 adding at the end the following new item:

“Sec. 4104. Information reporting for persons claiming certain tax benefits.”.

4 (5) Section 6427(i)(3) is amended—

5 (A) by adding at the end of subparagraph
 6 (A) the following new flush sentence:

7 “In the case of an electronic claim, this sub-
 8 paragraph shall be applied without regard to
 9 clause (i).”, and

10 (B) by striking “20 days of the date of the
 11 filing of such claim” in subparagraph (B) and
 12 inserting “45 days of the date of the filing of
 13 such claim (20 days in the case of an electronic
 14 claim)”.

15 (6) Section 9503(b)(1) is amended by adding at
 16 the end the following new flush sentence:

17 “For purposes of this paragraph, taxes received
 18 under sections 4041 and 4081 shall be determined
 19 without reduction for credits under section 6426.”.

20 (d) CLERICAL AMENDMENT.—The table of sections
 21 for subchapter B of chapter 65 is amended by inserting
 22 after the item relating to section 6425 the following new
 23 item:

“Sec. 6426. Credit for alcohol fuel and biodiesel mixtures.”.

1 (e) EFFECTIVE DATES.—

2 (1) IN GENERAL.—Except as provided in para-
3 graphs (2) and (3), the amendments made by this
4 section shall apply to fuel sold, used, or removed
5 after December 31, 2003.

6 (2) SUBSECTION (c)(4).—The amendments
7 made by subsection (c)(4) shall take effect on Janu-
8 ary 1, 2004.

9 (3) SUBSECTION (c)(5).—The amendments
10 made by subsection (c)(5) shall apply to claims filed
11 after December 31, 2004.

12 (f) FORMAT FOR FILING.—The Secretary of the
13 Treasury shall prescribe the electronic format for filing
14 claims described in section 6427(i)(3)(B) of the Internal
15 Revenue Code of 1986 (as amended by subsection
16 (c)(5)(A)) not later than December 31, 2004.

17 **SEC. 7. NONAPPLICATION OF EXPORT EXEMPTION TO DE-**
18 **LIVERY OF FUEL TO MOTOR VEHICLES RE-**
19 **MOVED FROM UNITED STATES.**

20 (a) IN GENERAL.—Section 4221(d)(2) (defining ex-
21 port) is amended by adding at the end the following new
22 sentence: “Such term does not include the delivery of a
23 taxable fuel (as defined in section 4083(a)(1)) into a fuel
24 tank of a motor vehicle which is shipped or driven out
25 of the United States.”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 4041(g) (relating to other exemp-
3 tions) is amended by adding at the end the following
4 new sentence: “Paragraph (3) shall not apply to the
5 sale for delivery of a liquid into a fuel tank of a
6 motor vehicle which is shipped or driven out of the
7 United States.”.

8 (2) Clause (iv) of section 4081(a)(1)(A) (relat-
9 ing to tax on removal, entry, or sale) is amended by
10 inserting “or at a duty-free sales enterprise (as de-
11 fined in section 555(b)(8) of the Tariff Act of
12 1930)” after “section 4101”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to sales or deliveries made after
15 the date of the enactment of this Act.

○