

109TH CONGRESS
1ST SESSION

H. R. 1744

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

IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 2005

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 This Act may be cited as the “Common Sense Auto-
5 mobile Efficiency Act of 2005”.

6 **SEC. 2. REPEAL OF PHASEOUTS FOR QUALIFIED ELECTRIC**
7 **VEHICLES AND CLEAN-FUEL VEHICLES.**

8 (a) **QUALIFIED ELECTRIC VEHICLES.**—Subsection

9 (b) of section 30 of the Internal Revenue Code of 1986

1 (relating to limitations) is amended by striking paragraph
2 (2) and redesignating paragraph (3) as paragraph (2).

3 (b) CLEAN-FUEL VEHICLES AND CERTAIN REFUEL-
4 ING PROPERTY.—Paragraph (1) of section 179A(b) of
5 such Code (relating to qualified clean-fuel vehicle prop-
6 erty) is amended to read as follows:

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

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

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

17 “(C) \$50,000 in the case of—

18 “(i) a truck or van with a gross vehi-
19 cle weight rating greater than 26,000
20 pounds, or

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

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service after
3 the date of the enactment of this Act.

4 **SEC. 3. SMALL ETHANOL PRODUCER CREDIT.**

5 (a) DEFINITION OF SMALL ETHANOL PRODUCER.—
6 Section 40(g) of the Internal Revenue Code of 1986 (relat-
7 ing to definitions and special rules for eligible small eth-
8 anol producer credit) is amended by striking
9 “30,000,000” each place it appears and inserting
10 “60,000,000”.

11 (b) CONFORMING AMENDMENT.—Section 1388 of
12 such Code (relating to definitions and special rules for co-
13 operative organizations) is amended by adding at the end
14 the following new subsection:

15 “(l) CROSS REFERENCE.—For provisions relating to
16 the apportionment of the alcohol fuels credit between coop-
17 erative organizations and their patrons, see section
18 40(g)(6).”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2004.

1 **SEC. 4. NONAPPLICATION OF EXPORT EXEMPTION TO DE-**
2 **LIVERY OF FUEL TO MOTOR VEHICLES RE-**
3 **MOVED FROM UNITED STATES.**

4 (a) IN GENERAL.—Section 4221(d)(2) of the Inter-
5 nal Revenue Code of 1986 (defining export) is amended
6 by adding at the end the following new sentence: “Such
7 term does not include the delivery of a taxable fuel (as
8 defined in section 4083(a)(1)) into a fuel tank of a motor
9 vehicle which is shipped or driven out of the United
10 States.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 4041(g) of such Code (relating to
13 other exemptions) is amended by adding at the end
14 the following new sentence: “Paragraph (3) shall not
15 apply to the sale for delivery of a liquid into a fuel
16 tank of a motor vehicle which is shipped or driven
17 out of the United States.”.

18 (2) Clause (iv) of section 4081(a)(1)(A) of such
19 Code (relating to tax on removal, entry, or sale) is
20 amended by inserting “or at a duty-free sales enter-
21 prise (as defined in section 555(b)(8) of the Tariff
22 Act of 1930)” after “section 4101”.

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

1 **SEC. 5. ALTERNATIVE MOTOR VEHICLE CREDIT.**

2 (a) IN GENERAL.—Subpart B of part IV of sub-
3 chapter A of chapter 1 of the Internal Revenue Code of
4 1986 (relating to foreign tax credit, etc.) is amended by
5 adding at the end the following:

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

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

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

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

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

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

18 “(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE
19 CREDIT.—

20 “(1) IN GENERAL.—For purposes of subsection
21 (a), the new qualified fuel cell motor vehicle credit
22 determined under this subsection with respect to a
23 new qualified fuel cell motor vehicle placed in service
24 by the taxpayer during the taxable year shall be de-
25 termined in accordance with the following table:

“In the case of a vehicle which has a gross vehicle weight rating 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. |

1 “(2) INCREASE FOR FUEL EFFICIENCY.—

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

7 “(B) ADDITIONAL CREDIT AMOUNT.—For
8 purposes of subparagraph (A), the additional
9 credit amount shall be determined in accord-
10 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. |

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

15 “(A) which is propelled by power derived
16 from one or more cells which convert chemical

1 energy directly into electricity by combining ox-
2 ygen with hydrogen fuel which is stored on
3 board the vehicle in any form and may or may
4 not require reformation prior to use,

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

7 “(i) a certificate of conformity under
8 the Clean Air Act and meets or exceeds the
9 equivalent qualifying California low emis-
10 sion vehicle standard under section
11 243(e)(2) of the Clean Air Act for that
12 make and model year, and

13 “(ii) a certificate that such vehicle
14 meets or exceeds the Bin 5 Tier II emis-
15 sion standard established in regulations
16 prescribed by the Administrator of the En-
17 vironmental Protection Agency under sec-
18 tion 202(i) of the Clean Air Act for that
19 make and model year vehicle,

20 “(C) the original use of which commences
21 with the taxpayer,

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

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

1 “(c) NEW ADVANCED LEAN BURN TECHNOLOGY
2 MOTOR VEHICLE CREDIT.—

3 “(1) IN GENERAL.—For purposes of subsection
4 (a), the new advanced lean burn technology motor
5 vehicle credit determined under this subsection with
6 respect to a new advanced lean burn technology
7 motor vehicle placed in service by the taxpayer dur-
8 ing the taxable year is the credit amount determined
9 under paragraph (2).

10 “(2) CREDIT AMOUNT.—

11 “(A) FUEL ECONOMY.—The credit amount
12 determined under this paragraph shall be deter-
13 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. |

14 “(B) CONSERVATION CREDIT.—The
15 amount determined under subparagraph (A)
16 with respect to a new advanced lean burn tech-
17 nology motor vehicle shall be increased by the
18 conservation credit amount determined in ac-
19 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. |

1 “(3) NEW ADVANCED LEAN BURN TECHNOLOGY
 2 MOTOR VEHICLE.—For purposes of this subsection,
 3 the term ‘new advanced lean burn technology motor
 4 vehicle’ means a passenger automobile or a light
 5 truck—

6 “(A) with an internal combustion engine
 7 which—

8 “(i) is designed to operate primarily
 9 using more air than is necessary for com-
 10 plete combustion of the fuel,

11 “(ii) incorporates direct injection,

12 “(iii) achieves at least 125 percent of
 13 the 2002 model year city fuel economy,
 14 and

15 “(iv) for 2005 and later model vehi-
 16 cles, has received a certificate that such ve-
 17 hicle meets or exceeds—

18 “(I) in the case of a vehicle hav-
 19 ing a gross vehicle weight rating of
 20 6,000 pounds or less, the Bin 5 Tier
 21 II emission standard established in

1 regulations prescribed by the Adminis-
2 trator of the Environmental Protec-
3 tion Agency under section 202(i) of
4 the Clean Air Act for that make and
5 model year vehicle, and

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

12 “(B) the original use of which commences
13 with the taxpayer,

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

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

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

22 “(A) 120,000 divided by the 2002 model
23 year city fuel economy for the vehicle inertia
24 weight class, over

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

3 “(d) NEW QUALIFIED HYBRID MOTOR VEHICLE
4 CREDIT.—

5 “(1) IN GENERAL.—For purposes of subsection
6 (a), the new qualified hybrid motor vehicle credit de-
7 termined under this subsection with respect to a new
8 qualified hybrid motor vehicle placed in service by
9 the taxpayer during the taxable year is the credit
10 amount determined under paragraph (2).

11 “(2) CREDIT AMOUNT.—

12 “(A) CREDIT AMOUNT FOR PASSENGER
13 AUTOMOBILES AND LIGHT TRUCKS.—In the
14 case of a new qualified hybrid motor vehicle
15 which is a passenger automobile or light truck
16 and which has a gross vehicle weight rating of
17 not more than 8,500 pounds, the amount deter-
18 mined under this paragraph is the sum of the
19 amounts determined under clauses (i) and (ii).

20 “(i) FUEL ECONOMY.—The amount
21 determined under this clause is the amount
22 which would be determined under sub-
23 section (e)(2)(A) if such vehicle were a ve-
24 hicle referred to in such subsection.

1 “(ii) CONSERVATION CREDIT.—The
2 amount determined under this clause is the
3 amount which would be determined under
4 subsection (c)(2)(B) if such vehicle were a
5 vehicle referred to in such subsection.

6 “(B) CREDIT AMOUNT FOR OTHER MOTOR
7 VEHICLES.—

8 “(i) IN GENERAL.—In the case of any
9 new qualified hybrid motor vehicle to which
10 subparagraph (A) does not apply, the
11 amount determined under this paragraph
12 is the amount equal to the applicable per-
13 centage of the qualified incremental hybrid
14 cost of the vehicle as certified under clause
15 (v).

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

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

24 “(II) 30 percent if the vehicle
25 achieves such an increase of at least

1 40 percent but less than 50 percent,
2 and

3 “(III) 40 percent if the vehicle
4 achieves such an increase of at least
5 50 percent.

6 “(iii) QUALIFIED INCREMENTAL HY-
7 BRID COST.—For purposes of this subpara-
8 graph, the qualified incremental hybrid
9 cost of any vehicle is equal to the amount
10 of the excess of the manufacturer’s sug-
11 gested retail price for such vehicle over
12 such price for a comparable vehicle, to the
13 extent such amount does not exceed—

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

17 “(II) \$15,000, if such vehicle has
18 a gross vehicle weight rating of more
19 than 14,000 pounds but not more
20 than 26,000 pounds, and

21 “(III) \$30,000, if such vehicle
22 has a gross vehicle weight rating of
23 more than 26,000 pounds.

24 “(iv) COMPARABLE VEHICLE.—For
25 purposes of this subparagraph, the term

1 ‘comparable vehicle’ means, with respect to
2 any new qualified hybrid motor vehicle,
3 any vehicle which is powered solely by a
4 gasoline or diesel internal combustion en-
5 gine and which is comparable in weight,
6 size, and use to such vehicle.

7 “(v) CERTIFICATION.—A certification
8 described in clause (i) shall be made by the
9 manufacturer and shall be determined in
10 accordance with guidance prescribed by the
11 Secretary. Such guidance shall specify pro-
12 cedures and methods for calculating fuel
13 economy savings and incremental hybrid
14 costs.

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

17 “(A) IN GENERAL.—The term ‘new quali-
18 fied hybrid motor vehicle’ means a motor vehi-
19 cle—

20 “(i) which draws propulsion energy
21 from onboard sources of stored energy
22 which are both—

23 “(I) an internal combustion or
24 heat engine using consumable fuel,
25 and

1 “(II) a rechargeable energy stor-
2 age system,

3 “(ii) which, in the case of a vehicle to
4 which paragraph (2)(A) applies, has re-
5 ceived a certificate of conformity under the
6 Clean Air Act and meets or exceeds the
7 equivalent qualifying California low emis-
8 sion vehicle standard under section
9 243(e)(2) of the Clean Air Act for that
10 make and model year, and

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

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

1 “(iii) which has a maximum available
2 power of at least—

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

6 “(II) 10 percent in the case of a
7 vehicle which has a gross vehicle
8 weight rating or more than 8,500
9 pounds and not than 14,000 pounds,
10 and

11 “(III) 15 percent in the case of a
12 vehicle in excess of 14,000 pounds,

13 “(iv) which, in the case of a vehicle to
14 which paragraph (2)(B) applies, has an in-
15 ternal combustion or heat engine which
16 has received a certificate of conformity
17 under the Clean Air Act as meeting the
18 emission standards set in the regulations
19 prescribed by the Administrator of the En-
20 vironmental Protection Agency for 2005
21 through 2008 model year diesel heavy duty
22 engines or ottocycle heavy duty engines, as
23 applicable,

24 “(v) the original use of which com-
25 mences with the taxpayer,

1 “(vi) which is acquired for use or
2 lease by the taxpayer and not for resale,
3 and

4 “(vii) which is made by a manufac-
5 turer.

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

10 “(B) CONSUMABLE FUEL.—For purposes
11 of subparagraph (A)(i)(I), the term ‘consumable
12 fuel’ means any solid, liquid, or gaseous matter
13 which releases energy when consumed by an
14 auxiliary power unit.

15 “(C) MAXIMUM AVAILABLE POWER.—

16 “(i) CERTAIN PASSENGER AUTO-
17 MOBILES AND LIGHT TRUCKS.—In the case
18 of a vehicle to which paragraph (2)(A) ap-
19 plies, the term ‘maximum available power’
20 means the maximum power available from
21 the rechargeable energy storage system,
22 during a standard 10 second pulse power
23 or equivalent test, divided by such max-
24 imum power and the SAE net power of the
25 heat engine.

1 “(ii) OTHER MOTOR VEHICLES.—In
2 the case of a vehicle to which paragraph
3 (2)(B) applies, the term ‘maximum avail-
4 able power’ means the maximum power
5 available from the rechargeable energy
6 storage system, during a standard 10 sec-
7 ond pulse power or equivalent test, divided
8 by the vehicle’s total traction power. For
9 purposes of the preceding sentence, the
10 term ‘total traction power’ means the sum
11 of the peak power from the rechargeable
12 energy storage system and the heat engine
13 peak power of the vehicle, except that if
14 such storage system is the sole means by
15 which the vehicle can be driven, the total
16 traction power is the peak power of such
17 storage system.

18 “(e) NEW QUALIFIED ALTERNATIVE FUEL MOTOR
19 VEHICLE CREDIT.—

20 “(1) ALLOWANCE OF CREDIT.—Except as pro-
21 vided in paragraph (5), the new qualified alternative
22 fuel motor vehicle credit determined under this sub-
23 section is an amount equal to the applicable percent-
24 age of the incremental cost of any new qualified al-

1 ternative fuel motor vehicle placed in service by the
2 taxpayer during the taxable year.

3 “(2) APPLICABLE PERCENTAGE.—For purposes
4 of paragraph (1), the applicable percentage with re-
5 spect to any new qualified alternative fuel motor ve-
6 hicle is—

7 “(A) 40 percent, plus

8 “(B) 30 percent, if such vehicle—

9 “(i) has received a certificate of con-
10 formity under the Clean Air Act and meets
11 or exceeds the most stringent standard
12 available for certification under the Clean
13 Air Act for that make and model year vehi-
14 cle (other than a zero emission standard),
15 or

16 “(ii) has received an order certifying
17 the vehicle as meeting the same require-
18 ments as vehicles which may be sold or
19 leased in California and meets or exceeds
20 the most stringent standard available for
21 certification under the State laws of Cali-
22 fornia (enacted in accordance with a waiv-
23 er granted under section 209(b) of the
24 Clean Air Act) for that make and model

1 year vehicle (other than a zero emission
2 standard).

3 For purposes of the preceding sentence, in the case
4 of any new qualified alternative fuel motor vehicle
5 which has a gross vehicle weight rating of more than
6 14,000 pounds, the most stringent standard avail-
7 able shall be such standard available for certification
8 on the date of the enactment of the Common Sense
9 Automobile Efficiency Act of 2005.

10 “(3) INCREMENTAL COST.—For purposes of
11 this subsection, the incremental cost of any new
12 qualified alternative fuel motor vehicle is equal to
13 the amount of the excess of the manufacturer’s sug-
14 gested retail price for such vehicle over such price
15 for a gasoline or diesel fuel motor vehicle of the
16 same model, to the extent such amount does not ex-
17 ceed—

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

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

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

4 “(D) \$40,000, if such vehicle has a gross
5 vehicle weight rating of more than 26,000
6 pounds.

7 “(4) NEW QUALIFIED ALTERNATIVE FUEL
8 MOTOR VEHICLE.—For purposes of this sub-
9 section—

10 “(A) IN GENERAL.—The term ‘new quali-
11 fied alternative fuel motor vehicle’ means any
12 motor vehicle—

13 “(i) which is only capable of operating
14 on an alternative fuel,

15 “(ii) the original use of which com-
16 mences with the taxpayer,

17 “(iii) which is acquired by the tax-
18 payer for use or lease, but not for resale,
19 and

20 “(iv) which is made by a manufac-
21 turer.

22 “(B) ALTERNATIVE FUEL.—The term ‘al-
23 ternative fuel’ means compressed natural gas,
24 liquefied natural gas, liquefied petroleum gas,

1 hydrogen, and any liquid at least 85 percent of
2 the volume of which consists of methanol.

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

4 “(A) IN GENERAL.—In the case of a
5 mixed-fuel vehicle placed in service by the tax-
6 payer during the taxable year, the credit deter-
7 mined under this subsection is an amount equal
8 to—

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

14 “(ii) in the case of a 90/10 mixed-fuel
15 vehicle, 90 percent of the credit which
16 would have been allowed under this sub-
17 section if such vehicle was a qualified alter-
18 native fuel motor vehicle.

19 “(B) MIXED-FUEL VEHICLE.—For pur-
20 poses of this subsection, the term ‘mixed-fuel
21 vehicle’ means any motor vehicle described in
22 subparagraph (C) or (D) of paragraph (3),
23 which—

24 “(i) is certified by the manufacturer
25 as being able to perform efficiently in nor-

1 mal operation on a combination of an al-
2 ternative fuel and a petroleum-based fuel,

3 “(ii) either—

4 “(I) has received a certificate of
5 conformity under the Clean Air Act,
6 or

7 “(II) has received an order certi-
8 fying the vehicle as meeting the same
9 requirements as vehicles which may be
10 sold or leased in California and meets
11 or exceeds the low emission vehicle
12 standard under section 88.105–94 of
13 title 40, Code of Federal Regulations,
14 for that make and model year vehicle,

15 “(iii) the original use of which com-
16 mences with the taxpayer,

17 “(iv) which is acquired by the tax-
18 payer for use or lease, but not for resale,
19 and

20 “(v) which is made by a manufac-
21 turer.

22 “(C) 75/25 MIXED-FUEL VEHICLE.—For
23 purposes of this subsection, the term ‘75/25
24 mixed-fuel vehicle’ means a mixed-fuel vehicle
25 which operates using at least 75 percent alter-

1 native fuel and not more than 25 percent petro-
2 leum-based fuel.

3 “(D) 90/10 MIXED-FUEL VEHICLE.—For
4 purposes of this subsection, the term ‘90/10
5 mixed-fuel vehicle’ means a mixed-fuel vehicle
6 which operates using at least 90 percent alter-
7 native fuel and not more than 10 percent petro-
8 leum-based fuel.

9 “(f) LIMITATION BASED ON AMOUNT OF TAX.—The
10 credit allowed under subsection (a) for the taxable year
11 shall not exceed the excess of—

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

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

17 “(g) OTHER DEFINITIONS AND SPECIAL RULES.—
18 For purposes of this section—

19 “(1) MOTOR VEHICLE.—The term ‘motor vehi-
20 cle’ has the meaning given such term by section
21 30(c)(2).

22 “(2) OTHER TERMS.—The terms ‘automobile’,
23 ‘passenger automobile’, ‘light truck’, and ‘manufac-
24 turer’ have the meanings given such terms in regula-
25 tions prescribed by the Administrator of the Envi-

1 ronmental Protection Agency for purposes of the ad-
 2 ministration of title II of the Clean Air Act (42
 3 U.S.C. 7521 et seq.).

4 “(3) 2002 MODEL YEAR CITY FUEL ECON-
 5 OMY.—

6 “(A) IN GENERAL.—The 2002 model year
 7 city fuel economy with respect to a vehicle shall
 8 be determined in accordance with the following
 9 tables:

10 “(i) In the case of a passenger auto-
 11 mobile:

| “If vehicle inertia weight class is: | The 2002 model year city fuel econ- omy 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. |

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

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

| “If vehicle inertia weight class is: | The 2002 model year city economy is: |
|---|---|
| 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.

19 “(6) NO DOUBLE BENEFIT.—The amount of
20 any deduction or credit allowable under this chapter
21 (other than the credits allowable under this section

1 and section 30) shall be reduced by the amount of
2 credit allowed under subsection (a) for such vehicle
3 for the taxable year.

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

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

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

21 “(10) BUSINESS CARRYOVERS ALLOWED.—If
22 the credit allowable under subsection (a) for a tax-
23 able year exceeds the limitation under subsection (g)
24 for such taxable year, such excess (to the extent of
25 the credit allowable with respect to property subject

1 to the allowance for depreciation) shall be allowed as
2 a credit carryback and carryforward under rules
3 similar to the rules of section 39.

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

11 “(h) REGULATIONS.—

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

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

22 “(i) TERMINATION.—This section shall not apply to
23 any property placed in service after—

24 “(1) in the case of a new qualified alternative
25 fuel motor vehicle, December 31, 2007,

1 “(2) in the case of a new advanced lean burn
2 technology motor vehicle or a new qualified hybrid
3 motor vehicle, December 31, 2009, and

4 “(3) in the case of a new qualified fuel cell
5 motor vehicle, December 31, 2013.”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 30(d) of such Code (relating to spe-
8 cial rules) is amended by adding at the end the fol-
9 lowing new paragraphs:

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

13 (2) Section 1016(a) is amended by striking
14 “and” at the end of paragraph (30), by striking the
15 period at the end of paragraph (31) and inserting “,
16 and”, and by adding at the end the following:

17 “(32) to the extent provided in section
18 30B(h)(5).”.

19 (3) Section 6501(m) of such Code is amended
20 by inserting “30B(h)(9),” after “30(d)(4),”.

21 (4) The table of sections for subpart B of part
22 IV of subchapter A of chapter 1 of such Code is
23 amended by inserting after the item relating to sec-
24 tion 30A the following:

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

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service after
3 the date of the enactment of this Act, in taxable years
4 ending after such date.

5 (d) STICKER INFORMATION REQUIRED AT RETAIL
6 SALE.—

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

10 (A) that such vehicle is a qualified vehicle,
11 and

12 (B) that the buyer may not benefit from
13 the credit allowed under section 30B of the In-
14 ternal Revenue Code of 1986 if such buyer has
15 insufficient tax liability.

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

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