

109TH CONGRESS  
2D SESSION

# H. R. 5375

To provide incentives to reduce dependence on foreign oil.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 11, 2006

Mr. DANIEL E. LUNGREN of California (for himself and Mr. COSTA) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Science and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide incentives to reduce dependence on foreign oil.

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 “New Options Petro-  
5       leum Energy Conservation Act of 2006”.

6       **SEC. 2. CREDIT FOR ELECTRICITY PRODUCED FROM CLI-**  
7       **MATE NEUTRAL COMBUSTION PROCESSES.**

8       (a) IN GENERAL.—Paragraph (1) of section 45(c) of  
9       the Internal Revenue Code of 1986 is amended by striking  
10      “and” at the end of subparagraph (G), by striking the

1 period at the end of subparagraph (H) and inserting “,  
 2 and”, and by adding at the end the following new subpara-  
 3 graph:

4 “(I) any climate neutral combustion re-  
 5 source.”.

6 (b) CLIMATE NEUTRAL COMBUSTION RESOURCE.—  
 7 Subsection (c) of section 45 of such Code is amended by  
 8 adding at the end the following new paragraph:

9 “(10) CLIMATE NEUTRAL COMBUSTION RE-  
 10 SOURCE.—The term ‘climate neutral combustion re-  
 11 source’ means any matter used as a fuel in a quali-  
 12 fied facility described in subsection (d)(11).”.

13 (c) CLIMATE NEUTRAL COMBUSTION FACILITY.—  
 14 Subsection (d) of section 45 of such Code is amended by  
 15 adding at the end the following new paragraph:

16 “(11) CLIMATE NEUTRAL COMBUSTION FACIL-  
 17 ITY.—In the case of a facility which burns climate  
 18 neutral combustion resources to produce electricity,  
 19 the term ‘qualified facility’ means any facility  
 20 which—

21 “(A) captures the carbon dioxide released  
 22 during combustion and uses such carbon diox-  
 23 ide to recover hydrocarbon fuel from below  
 24 ground,

1 “(B) produces no atmospheric emissions of  
 2 mercury or greenhouse gases and no emissions  
 3 that form fine particles, smog, or acid rain, and  
 4 “(C) is owned by the taxpayer and origi-  
 5 nally placed in service after December 31,  
 6 2006.”.

7 (d) EFFECTIVE DATE.—The amendments made this  
 8 section shall apply to electricity produced and sold after  
 9 December 31, 2006, in taxable years ending after such  
 10 date.

11 **SEC. 3. EXTENSION OF ENERGY CREDIT FOR SOLAR EN-**  
 12 **ERGY PROPERTY.**

13 (a) IN GENERAL.—Paragraph (2)(A)(i)(II) and para-  
 14 graph (3)(A)(ii) of section 48(a) of the Internal Revenue  
 15 Code of 1986 (relating to energy credit) are each amended  
 16 by striking “2008” and inserting “2012”.

17 (b) EFFECTIVE DATE.—The amendments made by  
 18 this section shall apply to periods after December 31,  
 19 2007, in taxable years ending after such date, under rules  
 20 similar to the rules of section 48(m) of the Internal Rev-  
 21 enue Code of 1986 (as in effect on the day before the date  
 22 of the enactment of the Revenue Reconciliation Act of  
 23 1990).

1 **SEC. 4. EXTENSION OF CREDIT FOR RESIDENTIAL ENERGY**  
 2 **EFFICIENT PROPERTY.**

3 (a) IN GENERAL.—Subsection (g) of section 25D of  
 4 the Internal Revenue Code of 1986 is amended by striking  
 5 “2007” and inserting “2011”.

6 (b) EFFECTIVE DATE.—The amendment made by  
 7 this section shall apply to property placed in service after  
 8 December 31, 2007.

9 **SEC. 5. PRIZE PROGRAM.**

10 The Secretary of Energy shall establish a program  
 11 to award a prize in the amount of \$1,000,000,000 to the  
 12 first automobile manufacturer incorporated in the United  
 13 States to manufacture and sell in the United States  
 14 60,000 midsize sedan automobiles which operate on gaso-  
 15 line and can travel 100 miles per gallon.

16 **SEC. 6. LITHIUM ION BATTERY TECHNOLOGY.**

17 There are authorized to be appropriated to the Sec-  
 18 retary of Energy \$30,000,000 for fiscal year 2007 for the  
 19 development of advanced lithium ion battery technology.

20 **SEC. 7. EXPENSING OF PROPERTY USED IN THE REFINING**  
 21 **OF ETHANOL, METHANOL, AND BIODIESEL.**

22 (a) IN GENERAL.—Part VI of subchapter B of chap-  
 23 ter 1 of the Internal Revenue Code of 1986 (relating to  
 24 itemized deductions for individuals and corporations) is  
 25 amended by inserting after section 179D the following new  
 26 section:

1 **“SEC. 179E. ELECTION TO EXPENSE CERTAIN PROPERTY**  
2 **USED IN REFINING ETHANOL, METHANOL,**  
3 **AND BIODIESEL.**

4 “(a) IN GENERAL.—A taxpayer may elect to treat the  
5 cost of any qualified biofuel property as an expense which  
6 is not chargeable to capital account. Any cost so treated  
7 shall be allowed as a deduction for the taxable year in  
8 which the property is placed in service.

9 “(b) ELECTION.—An election under this section for  
10 any taxable year shall be made on the taxpayer’s return  
11 of the tax imposed by this chapter for the taxable year.  
12 Such election shall be made in such manner as the Sec-  
13 retary may by regulations prescribe. Any election made  
14 under this section may not be revoked except with the con-  
15 sent of the Secretary.

16 “(c) QUALIFIED BIOFUEL PROPERTY.—For purposes  
17 of this section—

18 “(1) IN GENERAL.—The term ‘qualified biofuel  
19 property’ means any property—

20 “(A) used for the refining of any biofuel,  
21 and

22 “(B) the original use of which commences  
23 with the taxpayer.

24 “(2) BIOFUEL.—The term ‘biofuel’ means  
25 qualified methanol or ethanol fuel (as defined in sec-

1       tion 4041(b)(2)(B)) and biodiesel (as defined in sec-  
2       tion 40A(d)).

3       “(d) DUAL USE PROPERTY.—In the case of any  
4       property which is used for the refining of any biofuel and  
5       for any other use, the cost of such property taken into  
6       account under subsection (a) shall be reduced by an  
7       amount which bears the same ratio to the cost of such  
8       property as such other uses bears to all uses of such prop-  
9       erty.

10       “(e) COORDINATION WITH 50 PERCENT EXPENSING  
11       OF REFINERIES.—Section 179C shall not apply to any  
12       property taken into account under subsection (a).

13       “(f) RECAPTURE.—Rules similar to the rules of sec-  
14       tion 179(d)(10) shall apply with respect to any property  
15       which ceases to be qualified biofuel property.”.

16       (b) CONFORMING AMENDMENTS.—

17               (1) Section 1245(a) of such Code is amended  
18       by inserting “179E,” after “179D,” both places it  
19       appears in paragraphs (2)(C) and (3)(C).

20               (2) Section 263(a)(1) of such Code is amended  
21       by striking “or” at the end of subparagraph (J), by  
22       striking the period at the end of subparagraph (K)  
23       and inserting “, or”, and by inserting after subpara-  
24       graph (K) the following new subparagraph:

(3) Section 312(k)(3)(B) of such Code is amended by striking “or 179D” each place it appears in the heading and text and inserting “179D, or 179E”.

“Sec. 179E. Election to expense certain property used in refining ethanol, methanol, and biodiesel.”.

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