

109TH CONGRESS
1ST SESSION

S. 1240

To amend the Internal Revenue Code of 1986 to allow an investment tax credit for the purchase of trucks with new diesel engine technologies, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 14, 2005

Mr. SMITH (for himself and Mrs. LINCOLN) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow an investment tax credit for the purchase of trucks with new diesel engine technologies, and for other purposes.

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. INVESTMENT CREDIT FOR TRUCKS WITH NEW**
4 **DIESEL TECHNOLOGY.**

5 (a) IN GENERAL.—

6 (1) ALLOWANCE OF CREDIT.—Subpart E of
7 part IV of subchapter A of chapter 1 of the Internal
8 Revenue Code of 1986 is amended by inserting after
9 section 48 the following new section:

1 **“SEC. 48A. NEW DIESEL TECHNOLOGY CREDIT.**

2 “(a) GENERAL RULE.—For purposes of section 46,
3 the new diesel technology credit for any taxable year is
4 5 percent of the cost of any qualified truck which is placed
5 in service on or after January 1, 2007, and before Janu-
6 ary 1, 2008.

7 “(b) QUALIFIED TRUCK.—For purposes of this sec-
8 tion, the term ‘qualified truck’ means any motor vehicle
9 (as defined in section 30(c)(2)) which—

10 “(1) is first placed in service on or after Janu-
11 ary 1, 2007,

12 “(2) is propelled by diesel fuel,

13 “(3) has a gross vehicle weight rating of more
14 than 26,000 pounds, and

15 “(4) complies with the regulations of the Envi-
16 ronmental Protection Agency with respect to diesel
17 emissions for model year 2007 and later.”.

18 (2) CREDIT TREATED AS PART OF INVESTMENT
19 CREDIT.—Section 46 of the Internal Revenue Code
20 of 1986 is amended by striking “and” at the end of
21 paragraph (1), by striking the period at the end of
22 paragraph (2) and inserting “, and”, and by adding
23 at the end the following new paragraph:

24 “(3) the new diesel technology credit.”.

25 (3) CONFORMING AMENDMENTS.—

1 (A) Section 49(a)(1)(C) of such Code is
 2 amended by striking “and” at the end of clause
 3 (ii), by striking the period at the end of clause
 4 (iii) and inserting “, and”, and by adding at the
 5 end the following new clause:

6 “(iv) the basis of any qualified
 7 truck.”.

8 (B) The table of sections for subpart E of
 9 part IV of subchapter A of chapter 1 of such
 10 Code is amended by inserting after the item re-
 11 lating to section 48 the following new item:

“Sec. 48A. New diesel technology credit.”.

12 (b) CREDIT ALLOWED AGAINST AMT.—

13 (1) IN GENERAL.—Subsection (c) of section 38
 14 of the Internal Revenue Code of 1986 is amended by
 15 redesignating paragraph (5) as paragraph (6) and
 16 by inserting after paragraph (4) the following new
 17 paragraph:

18 “(5) SPECIAL RULES FOR NEW DIESEL TECH-
 19 NOLOGY CREDIT.—

20 “(A) IN GENERAL.—In the case of the new
 21 diesel technology credit—

22 “(i) this section and section 39 shall
 23 be applied separately with respect to such
 24 credit, and

1 “(ii) in applying paragraph (1) to
2 such credit—

3 “(I) the tentative minimum tax
4 shall be treated as being zero, and

5 “(II) the limitation under para-
6 graph (1) (as modified by subclause
7 (I)) shall be reduced by the credit al-
8 lowed under subsection (a) for the
9 taxable year (other than the new die-
10 sel technology credit).

11 “(B) NEW DIESEL TECHNOLOGY CRED-
12 IT.—For purposes of this subsection, the term
13 ‘new diesel technology credit’ means the portion
14 of the investment credit under section 46 deter-
15 mined under section 48A.”.

16 (2) CONFORMING AMENDMENTS.—Paragraphs
17 (2)(A)(ii)(II), (3)(A)(ii)(II), and (4)(A)(ii)(II) of
18 section 38(c) of such Code are each amended by in-
19 serting “or the new diesel technology credit” after
20 “the specified credits”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to property placed in service on
23 or after January 1, 2007, in taxable years ending after
24 such date, under rules similar to the rules of section 48(m)
25 of the Internal Revenue Code of 1986 (as in effect on the

1 day before the date of the enactment of the Revenue Rec-
2 onciliation Act of 1990).

3 **SEC. 2. ELECTION TO EXPENSE QUALIFIED TRUCKS.**

4 (a) IN GENERAL.—Part VI of subchapter B of chap-
5 ter 1 of the Internal Revenue Code of 1986 is amended
6 by inserting after section 179B the following new section:

7 **“SEC. 179C. ELECTION TO EXPENSE NEW DIESEL TECH-
8 NOLOGY TRUCKS.**

9 “(a) TREATMENT AS EXPENSES.—A taxpayer may
10 elect to treat the cost of any qualified truck (as defined
11 in section 48A) as an expense which is not chargeable to
12 a capital account. Any cost so treated shall be allowed as
13 a deduction for the taxable year in which the qualified
14 truck is placed in service.

15 “(b) ELECTION.—

16 “(1) IN GENERAL.—An election under this sec-
17 tion for any taxable year shall be made on the tax-
18 payer’s return of the tax imposed by this chapter for
19 the taxable year. Such election shall be made in such
20 manner as the Secretary may by regulations pre-
21 scribe.

22 “(2) ELECTION IRREVOCABLE.—Any election
23 made under this section may not be revoked except
24 with the consent of the Secretary.

1 “(c) TERMINATION.—This section shall not apply to
2 property placed in service after December 31, 2007.”.

3 (b) CONFORMING AMENDMENT.—The table of sec-
4 tions for part VI of subchapter B of chapter 1 of the Inter-
5 nal Revenue Code of 1986 is amended by inserting after
6 the item relating to section 179B the following new item:

 “Sec. 179C. Election to expense new diesel technology trucks.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to property placed in service on
9 or after January 1, 2007.

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