

109TH CONGRESS
2D SESSION

S. 2816

To amend the Internal Revenue Code of 1986 to provide an income tax credit for the manufacture of flexible fuel motor vehicles and to extend and increase the income tax credit for alternative fuel refueling property, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 16, 2006

Mr. HARKIN (for himself, Mr. LUGAR, Mr. JOHNSON, Mr. DORGAN, and Mr. BIDEN) 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 provide an income tax credit for the manufacture of flexible fuel motor vehicles and to extend and increase the income tax credit for alternative fuel refueling property, 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. SHORT TITLE.**

4 This Act may be cited as the “Biofuels Security Tax
5 Act of 2006”.

1 **SEC. 2. TAX CREDIT FOR FLEXIBLE FUEL VEHICLES.**

2 (a) IN GENERAL.—Section 30B(e) of the Internal
3 Revenue Code of 1986 (relating to new qualified alter-
4 native fuel motor vehicle credit) is amended by adding at
5 the end the following new paragraph:

6 “(6) CREDIT FOR FLEXIBLE FUEL VEHICLES.—

7 “(A) IN GENERAL.—In the case of a flexi-
8 ble fuel vehicle placed in service by the taxpayer
9 during the taxable year, the credit determined
10 under this subsection is an amount equal to the
11 credit which would have been allowed under this
12 subsection if such vehicle was a qualified alter-
13 native fuel motor vehicle.

14 “(B) FLEXIBLE FUEL VEHICLE.—For pur-
15 poses of this subsection, the term ‘flexible fuel
16 vehicle’ means any motor vehicle—

17 “(i) which is capable of operating on
18 both gasoline and a blend of 85 percent
19 ethanol fuel (E–85) and 15 percent gaso-
20 line,

21 “(ii) which is certified by the manu-
22 facturer as having a fuel economy rating
23 when running on E–85 that is substan-
24 tially the same or better than a fuel econ-
25 omy rating when running on gasoline only,

1 “(iii) the original use of which com-
 2 mences with the taxpayer,

3 “(iv) which is acquired by the tax-
 4 payer for use or lease, but not for resale,
 5 and

6 “(v) which is made by a manufac-
 7 turer.”.

8 (b) PERIOD OF CREDIT.—Paragraph (4) of section
 9 30B(j) of the Internal Revenue Code of 1986 (relating to
 10 termination) is amended to read as follows:

11 “(4) in the case of a new qualified alternative
 12 fuel vehicle—

13 “(A) as described in paragraph (4) or (5)
 14 of subsection (e), December 31, 2010, and

15 “(B) as described in paragraph (6) of sub-
 16 section (e), December 31, 2016.”.

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

20 **SEC. 3. MODIFICATION OF ALTERNATIVE FUEL REFUELING**
 21 **PROPERTY CREDIT.**

22 (a) EXTENSION.—Section 30C(g) of the Internal
 23 Revenue Code of 1986 is amended by striking “2009” and
 24 inserting “2016”.

25 (b) EXPANSION.—

1 (1) RATE.—Section 30C(a) of the Internal Rev-
2 enue Code of 1986 is amended—

3 (A) by striking “30 percent” and inserting
4 “50 percent”, and

5 (B) by adding at the end the following new
6 sentence: “In the case of any taxpayer which
7 places in service not more than 5 qualified al-
8 ternative fuel vehicle refueling properties deter-
9 mined by taking into account any such property
10 placed in service in all preceding taxable years,
11 the preceding sentence shall be applied with re-
12 spect to any such property placed in service in
13 the taxable year by substituting ‘75 percent’ for
14 ‘50 percent’.”

15 (2) DOLLAR LIMIT FOR SMALL RETAILERS.—
16 Section 30C(b) of such Code is amended by adding
17 at the end the following new flush sentence:

18 “In the case of any taxpayer which places in service not
19 more than 5 qualified alternative fuel vehicle refueling
20 properties determined by taking into account any such
21 property placed in service in all preceding taxable years,
22 paragraph (1) shall be applied with respect to any such
23 property placed in service in the taxable year by sub-
24 stituting ‘\$45,000’ for ‘\$30,000’.”.

1 (c) ELIMINATION OF CREDIT FOR MAJOR OIL COM-
 2 PANIES.—Section 30C(e) of the Internal Revenue Code of
 3 1986 is amended by adding at the end the following new
 4 paragraph:

5 “(6) NONAPPLICATION OF CREDIT TO MAJOR
 6 OIL COMPANIES.—

7 “(A) IN GENERAL.—This section shall not
 8 apply to any property placed in service by a
 9 major oil company.

10 “(B) MAJOR OIL COMPANY.—The term
 11 ‘major oil company’ means any person that, in-
 12 dividually or together with any other person
 13 with respect to which the person has an affiliate
 14 relationship or significant ownership interest,
 15 has not less than 4,500 retail station outlets ac-
 16 cording to the publication of the Petroleum
 17 News Annual Factbook in effect on such date
 18 of placement.”.

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

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