

110TH CONGRESS  
1ST SESSION

# H. R. 1451

To provide incentives to reduce dependence on foreign oil.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 2007

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 Technology 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 2007”.

6       **SEC. 2. CLIMATE NEUTRAL COMBUSTION CREDIT.**

7       (a) IN GENERAL.—Section 46 of the Internal Rev-  
8       enue Code of 1986 (relating to amount of credit) is  
9       amended by striking “and” at the end of paragraph (3),  
10      by striking the period at the end of paragraph (4) and

1 inserting “, and”, and by adding at the end the following  
2 new paragraph:

3 “(5) the climate neutral combustion credit.”.

4 (b) AMOUNT OF CREDIT.—Subpart E of part IV of  
5 subchapter A of chapter 1 of such Code (relating to rules  
6 for computing investment credit) is amended by inserting  
7 after section 48B the following new section:

8 **“SEC. 48C. CLIMATE NEUTRAL COMBUSTION CREDIT.**

9 “(a) IN GENERAL.—For purposes of section 46, the  
10 climate neutral combustion credit for any taxable year is  
11 an amount equal to 20 percent of the qualified investment  
12 for such taxable year.

13 “(b) QUALIFIED INVESTMENT.—

14 “(1) IN GENERAL.—For purposes of subsection  
15 (a), the qualified investment for any taxable year is  
16 the basis of any property placed in service by the  
17 taxpayer during such taxable year which is part of  
18 a climate neutral combustion facility—

19 “(A)(i) the construction, reconstruction, or  
20 erection of which is completed by the taxpayer,  
21 or

22 “(ii) which is acquired by the taxpayer if  
23 the original use of such property commences  
24 with the taxpayer, and

1 “(B) with respect to which depreciation (or  
 2 amortization in lieu of depreciation) is allow-  
 3 able.

4 “(2) SPECIAL RULE FOR CERTAIN SUBSIDIZED  
 5 PROPERTY.—Rules similar to section 48(a)(4) shall  
 6 apply for purposes of this section.

7 “(3) CERTAIN QUALIFIED PROGRESS EXPENDI-  
 8 TURES RULES MADE APPLICABLE.—Rules similar to  
 9 the rules of subsections (c)(4) and (d) of section 46  
 10 (as in effect on the day before the enactment of the  
 11 Revenue Reconciliation Act of 1990) shall apply for  
 12 purposes of this section.

13 “(c) CLIMATE NEUTRAL COMBUSTION FACILITY.—  
 14 For purposes of this section, the term ‘climate neutral  
 15 combustion facility’ means any facility which—

16 “(1) burns matter to produce electricity,

17 “(2) captures the carbon dioxide released dur-  
 18 ing combustion and uses such carbon dioxide to re-  
 19 cover hydrocarbon fuel from below ground, and

20 “(3) produces no atmospheric emissions of mer-  
 21 cury or greenhouse gasses and no emissions that  
 22 form fine particulate, smog, or acid rain.

23 “(d) DENIAL OF DOUBLE BENEFIT.—A credit shall  
 24 not be allowed under this section for any qualified invest-

1 ment for which a credit is allowed under section 48A or  
 2 48B.”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 49(a)(1)(C) of such Code is amend-  
 5 ed by striking “and” at the end of clause (iii), by  
 6 striking the period at the end of clause (iv) and in-  
 7 serting “, and”, and by adding at the end the fol-  
 8 lowing new clause:

9 “(v) the basis of any property which  
 10 is part of a qualifying climate neutral com-  
 11 bustion facility.”.

12 (2) The table of sections for subpart E of part  
 13 IV of subchapter A of chapter 1 of such Code is  
 14 amended by inserting after the item relating to sec-  
 15 tion 48B the following new item:

“Sec. 48C. Climate neutral combustion credit.”.

16 (d) EFFECTIVE DATE.—The amendments made by  
 17 this section shall apply to periods after the date of the  
 18 enactment of this Act, under rules similar to the rules of  
 19 section 48(m) of the Internal Revenue Code of 1986 (as  
 20 in effect on the day before the date of the enactment of  
 21 the Revenue Reconciliation Act of 1990).

22 **SEC. 3. EXTENSION OF ENERGY CREDIT FOR SOLAR EN-**  
 23 **ERGY PROPERTY.**

24 (a) IN GENERAL.—Paragraph (2)(A)(i)(II) and para-  
 25 graph (3)(A)(ii) of section 48(a) of the Internal Revenue

1 Code of 1986 (relating to energy credit) are each amended  
2 by striking “2009” and inserting “2013”.

3 (b) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to periods after December 31,  
5 2008, in taxable years ending after such date, under rules  
6 similar to the rules of section 48(m) of the Internal Rev-  
7 enue Code of 1986 (as in effect on the day before the date  
8 of the enactment of the Revenue Reconciliation Act of  
9 1990).

10 **SEC. 4. EXTENSION OF CREDIT FOR RESIDENTIAL ENERGY**  
11 **EFFICIENT PROPERTY.**

12 (a) IN GENERAL.—Subsection (g) of section 25D of  
13 the Internal Revenue Code of 1986 is amended by striking  
14 “2008” and inserting “2012”.

15 (b) EFFECTIVE DATE.—The amendment made by  
16 this section shall apply to property placed in service after  
17 December 31, 2008.

18 **SEC. 5. PRIZE PROGRAM.**

19 The Secretary of Energy shall establish a program  
20 to award a prize in the amount of \$1,000,000,000 to the  
21 first automobile manufacturer incorporated in the United  
22 States to manufacture and sell in the United States  
23 60,000 midsize sedan automobiles which operate on gaso-  
24 line and can travel 100 miles per gallon.

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

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

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

7       (a) IN GENERAL.—Part VI of subchapter B of chap-  
8 ter 1 of the Internal Revenue Code of 1986 (relating to  
9 itemized deductions for individuals and corporations) is  
10 amended by inserting after section 179E the following new  
11 section:

12 **“SEC. 179F. ELECTION TO EXPENSE CERTAIN PROPERTY**  
13 **USED IN REFINING ETHANOL, METHANOL,**  
14 **AND BIODIESEL.**

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

20       “(b) ELECTION.—An election under this section for  
21 any taxable year shall be made on the taxpayer’s return  
22 of the tax imposed by this chapter for the taxable year.  
23 Such election shall be made in such manner as the Sec-  
24 retary may by regulations prescribe. Any election made  
25 under this section may not be revoked except with the con-  
26 sent of the Secretary.

1       “(c) QUALIFIED BIOFUEL PROPERTY.—For purposes  
2 of this section—

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

5                       “(A) used for the refining of any biofuel,  
6 and

7                       “(B) the original use of which commences  
8 with the taxpayer.

9               “(2) BIOFUEL.—The term ‘biofuel’ means  
10 qualified methanol or ethanol fuel (as defined in sec-  
11 tion 4041(b)(2)(B)) and biodiesel (as defined in sec-  
12 tion 40A(d)).

13       “(d) DUAL USE PROPERTY.—In the case of any  
14 property which is used for the refining of any biofuel and  
15 for any other use, the cost of such property taken into  
16 account under subsection (a) shall be reduced by an  
17 amount which bears the same ratio to the cost of such  
18 property as such other uses bears to all uses of such prop-  
19 erty.

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

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

1 (b) CONFORMING AMENDMENTS.—

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

5 (2) Section 263(a)(1) of such Code is amended  
6 by striking “or” at the end of subparagraph (K), by  
7 striking the period at the end of subparagraph (L)  
8 and inserting “, or”, and by inserting after subpara-  
9 graph (L) the following new subparagraph:

10 “(M) expenditures for which a deduction is  
11 allowed under section 179F.”.

12 (3) Section 312(k)(3)(B) of such Code is  
13 amended by striking “or 179E” each place it ap-  
14 pears in the heading and text and inserting “179E,  
15 or 179F”.

16 (4) The table of sections for part VI of sub-  
17 chapter B of chapter 1 of such Code is amended by  
18 inserting after the item relating to section 179E the  
19 following new item:

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

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

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