

110TH CONGRESS
2D SESSION

H. R. 5103

To amend the Internal Revenue Code of 1986 to allow a credit against income tax to vehicle fleet operators for purchasing tires made from recycled rubber.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 23, 2008

Mr. JOHNSON of Georgia (for himself, Mr. KNOLLENBERG, Mr. CUMMINGS, Ms. CLARKE, Mr. AL GREEN of Texas, Mr. LEWIS of Georgia, Mr. ELLISON, Mr. PERLMUTTER, Mr. CROWLEY, Ms. WATSON, Mr. KAGEN, and Ms. LINDA T. SÁNCHEZ of California) 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 allow a credit against income tax to vehicle fleet operators for purchasing tires made from recycled rubber.

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 “Tire Investment, Re-
5 covery and Extension Act of 2007” or the “TIRE Act of
6 2007”.

1 **SEC. 2. FINDINGS.**

2 (1) The majority of rubber used by industry in
3 the United States is synthetic rubber that has been
4 derived from petroleum.

5 (2) The tire industry is the largest consumer of
6 rubber in the United States, using over 3 billion
7 pounds of rubber annually to produce over 250 mil-
8 lion tires.

9 (3) Recycled rubber from scrap tires can be
10 used in the production of new tires at loadings ex-
11 ceeding 10 percent of the weight of rubber in the
12 tire if the particle size of the recycled rubber is ex-
13 tremely fine (80 mesh/177 microns or finer) and the
14 particles are free from impurities such as steel and
15 fiber.

16 (4) On average, the United States can save a
17 gallon of oil for every tire produced incorporating 10
18 percent recycled rubber.

19 (5) On average, for every pound of recycled
20 rubber used as an alternative to synthetic rubber,
21 the United States will prevent a pound of carbon di-
22 oxide from being released into the atmosphere.

23 (6) An independent study has determined that
24 air permeability in a standard tire can be reduced by
25 up to 50 percent when using recycled content. If re-
26 cycled content is used in every passenger car in the

1 United States, it would result in a fuel savings of up
2 to 750 million gallons per year.

3 **SEC. 3. CREDIT FOR PURCHASES BY VEHICLE FLEET OPER-**
4 **ATORS OF TIRES MADE FROM RECYCLED**
5 **RUBBER.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 (relating to business related credits) is amended by
9 adding at the end the following new section:

10 **“SEC. 450. PURCHASES BY VEHICLE FLEET OPERATORS OF**
11 **TIRES MADE FROM RECYCLED RUBBER.**

12 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
13 tion 38, in the case of an eligible taxpayer, the recycled
14 rubber tire credit determined under this section is \$3 for
15 each qualified tire purchased by the taxpayer during the
16 taxable year for use on a highway motor vehicle used in
17 a trade or business of the taxpayer.

18 “(b) DOLLAR LIMITATION.—

19 “(1) IN GENERAL.—The credit determined
20 under this section for any taxable year shall not ex-
21 ceed—

22 “(A) \$10,000,000 in the case of taxable
23 years ending during the first year beginning
24 after the date of the enactment of this section,

1 “(B) \$15,000,000 in the case of taxable
2 years ending during the 2nd such year,

3 “(C) \$25,000,000 in the case of taxable
4 years ending during the 3rd, 4th, or 5th such
5 year, and

6 “(D) except as provided in paragraph (2),
7 zero thereafter.

8 “(2) CARRYOVER OF UNUSED LIMITATION.—If
9 the limitation under this subsection for any taxable
10 year (after the application of this paragraph) ex-
11 ceeds the credit determined under this section for
12 such year, such limitation for the succeeding taxable
13 year shall be increased by the amount of such ex-
14 cess. No amount may be carried under the preceding
15 sentence to any taxable year ending after the 6th
16 year beginning after the date of the enactment of
17 this section.

18 “(3) AGGREGATE LIMITATION.—In no event
19 shall the aggregate credit determined under this sec-
20 tion for a taxpayer for all taxable years exceed
21 \$100,000,000.

22 “(c) ELIGIBLE TAXPAYER.—For purposes of this sec-
23 tion, the term ‘eligible taxpayer’ means any person who
24 regularly uses more than 100 vehicles in any trade or busi-
25 ness of such person during the taxable year.

1 “(d) QUALIFIED TIRE.—For purposes of this sec-
2 tion—

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

5 “(A) any qualified new tire, and

6 “(B) any qualified retread tire.

7 “(2) QUALIFIED NEW TIRE.—The term ‘quali-
8 fied new tire’ means any tire (other than a retread
9 tire) if—

10 “(A) the tire is manufactured in the
11 United States,

12 “(B) the original use of the tire begins
13 with the taxpayer, and

14 “(C) at least the new tire percentage of the
15 total weight of the rubber in the tire is attrib-
16 utable to recycled rubber powder.

17 “(3) QUALIFIED RETREAD TIRE.—The term
18 ‘qualified retread tire’ means any retread tire if—

19 “(A) the tire is of a type used on highway
20 motor vehicles having a gross vehicle weight
21 rating of at least 2,600 pounds,

22 “(B) the tire is retreaded in the United
23 States,

24 “(C) the original use of the tire (after re-
25 treading) begins with the taxpayer, and

1 “(D) at least the retread tire percentage of
 2 the total weight of the rubber in the retread
 3 portion of the tire is attributable to recycled
 4 rubber powder.

5 “(4) RECYCLED CONTENT PERCENTAGES.—The
 6 new tire percentage and the retread tire percentage
 7 shall be determined in accordance with the following
 8 table:

“If the tire is purchased during—	The new tire percentage is—	The retread tire percentage is—
the 1st year after the date of the enactment of this section	8	10
the 2nd such year	9	11
the 3rd such year	10	12
the 4th such year	11	13
the 5th such year	12	14

9 “(5) RECYCLED RUBBER POWDER.—The term
 10 ‘recycled rubber powder’ means recycled vulcanizate
 11 particulate rubber at a size classification of 80 mesh
 12 or finer as defined in the ASTM standard D5603–
 13 01.

14 “(e) CONTROLLED GROUPS.—For purposes of this
 15 section, all persons treated as a single employer under sub-
 16 section (a) or (b) of section 52 or subsection (m) or (o)
 17 of section 414 shall be treated as one person, and the dol-
 18 lar limitation applicable under subsection (b) for any tax-
 19 able year shall be allocated among such persons in propor-
 20 tion to their purchases of qualified tires during such year.

1 “(f) BASIS ADJUSTMENT.—For purposes of this sub-
2 title, if a credit is determined under this section with re-
3 spect to any tire, the basis of such tire shall be reduced
4 by the amount of the credit so allowed.

5 “(g) APPLICATION OF SECTION.—This section shall
6 apply to tires purchased during the 5-year period begin-
7 ning on the day after the date of the enactment of this
8 section.”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Subsection (b) of section 38 of such Code
11 is amended by striking “plus” at the end of para-
12 graph (30), by striking the period at the end of
13 paragraph (31) and inserting “, plus”, and by add-
14 ing at the end the following new paragraph:

15 “(32) in the case of an eligible taxpayer (as de-
16 fined in section 45O(b)), the recycled rubber tire
17 credit determined under section 45O(a).”.

18 (2) Subsection (a) of section 1016 of such Code
19 is amended by striking “and” at the end of para-
20 graph (35), by striking the period at the end of
21 paragraph (36) and inserting “, and”, and by add-
22 ing at the end the following new paragraph:

23 “(37) to the extent provided in section
24 45O(f).”.

1 (3) The table of sections for subpart D of part
2 IV of subchapter A of chapter 1 of such Code is
3 amended by adding at the end the following new
4 item:

“Sec. 45O. Purchases by vehicle fleet operators of tires made from recycled
rubber.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to purchases made after the date
7 of the enactment of this Act in taxable years ending after
8 such date.

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