

110TH CONGRESS  
1ST SESSION

# S. 319

To amend the Internal Revenue Code of 1986 to reduce the incentive to purchase larger and luxury motor vehicles.

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IN THE SENATE OF THE UNITED STATES

JANUARY 17, 2007

Mr. SALAZAR introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to reduce the incentive to purchase larger and luxury motor vehicles.

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 “Reducing the Incen-  
5 tives to Guzzle Gas Act”.

1 **SEC. 2. INCLUSION OF HEAVY VEHICLES IN LIMITATION ON**  
 2 **DEPRECIATION OF CERTAIN LUXURY AUTO-**  
 3 **MOBILES.**

4 (a) **IN GENERAL.**—Section 280F(d)(5)(A) of the In-  
 5 ternal Revenue Code of 1986 (defining passenger auto-  
 6 mobile) is amended—

7 (1) by striking clause (ii) and inserting the fol-  
 8 lowing new clause:

9 “(ii)(I) which is rated at 6,000  
 10 pounds unloaded gross vehicle weight or  
 11 less, or

12 “(II) which is rated at more than  
 13 6,000 pounds but not more than 14,000  
 14 pounds gross vehicle weight.”,

15 (2) by striking “clause (ii)” in the second sen-  
 16 tence and inserting “clause (ii)(I)”.

17 (b) **EXCEPTION FOR VEHICLES USED IN FARMING**  
 18 **BUSINESS.**—Section 280F(d)(5)(B) of such Code (relat-  
 19 ing to exception for certain vehicles) is amended by strik-  
 20 ing “and” at the end of clause (ii), by redesignating clause  
 21 (iii) as clause (iv), and by inserting after clause (ii) the  
 22 following new clause:

23 “(iii) any vehicle used in a farming  
 24 business (as defined in section 263A(e)(4),  
 25 and”.

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

4 **SEC. 3. UPDATED DEPRECIATION DEDUCTION LIMITS.**

5 (a) IN GENERAL.—Subparagraph (A) of section  
 6 280F(a)(1) of the Internal Revenue Code of 1986 (relat-  
 7 ing to limitation on amount of depreciation for luxury  
 8 automobiles) is amended to read as follows:

9 “(A) LIMITATION.—The amount of the de-  
 10 preciation deduction for any taxable year shall  
 11 not exceed for any passenger automobile—

12 “(i) for the 1st taxable year in the re-  
 13 covery period—

14 “(I) described in subsection  
 15 (d)(5)(A)(ii)(I), \$4,000,

16 “(II) described in the second sen-  
 17 tence of subsection (d)(5)(A), \$5,000,  
 18 and

19 “(III) described in subsection  
 20 (d)(5)(A)(ii)(II), \$6,000,

21 “(ii) for the 2nd taxable year in the  
 22 recovery period—

23 “(I) described in subsection  
 24 (d)(5)(A)(ii)(I), \$6,400,

1           “(II) described in the second sen-  
2           tence of subsection (d)(5)(A), \$8,000,  
3           and

4           “(III) described in subsection  
5           (d)(5)(A)(ii)(II), \$9,600,

6           “(iii) for the 3rd taxable year in the  
7           recovery period—

8           “(I) described in subsection  
9           (d)(5)(A)(ii)(I), \$3,850,

10           “(II) described in the second sen-  
11           tence of subsection (d)(5)(A), \$4,800,  
12           and

13           “(III) described in subsection  
14           (d)(5)(A)(ii)(II), \$5,775, and

15           “(iv) for each succeeding taxable year  
16           in the recovery period—

17           “(I) described in subsection  
18           (d)(5)(A)(ii)(I), \$2,325,

19           “(II) described in the second sen-  
20           tence of subsection (d)(5)(A), \$2,900,  
21           and

22           “(III) described in subsection  
23           (d)(5)(A)(ii)(II), \$3,475.”.

1 (b) YEARS AFTER RECOVERY PERIOD.—Section  
 2 280F(a)(1)(B)(ii) of such Code is amended to read as fol-  
 3 lows:

4 “(ii) LIMITATION.—The amount treat-  
 5 ed as an expense under clause (i) for any  
 6 taxable year shall not exceed for any pas-  
 7 senger automobile—

8 “(I) described in subsection  
 9 (d)(5)(A)(ii)(I), \$2,325,

10 “(II) described in the second sen-  
 11 tence of subsection (d)(5)(A), \$2,900,  
 12 and

13 “(III) described in subsection  
 14 (d)(5)(A)(ii)(II), \$3,475.”.

15 (c) INFLATION ADJUSTMENT.—Section 280F(d)(7)  
 16 of such Code (relating to automobile price inflation adjust-  
 17 ment) is amended—

18 (1) by striking “after 1988” in subparagraph  
 19 (A) and inserting “after 2007”, and

20 (2) by striking subparagraph (B) and inserting  
 21 the following new subparagraph:

22 “(B) AUTOMOBILE PRICE INFLATION AD-  
 23 JUSTMENT.—For purposes of this paragraph—

1                   “(i) IN GENERAL.—The automobile  
2                   price inflation adjustment for any calendar  
3                   year is the percentage (if any) by which—

4                                   “(I) the average wage index for  
5                                   the preceding calendar year, exceeds

6                                   “(II) the average wage index for  
7                                   2006.

8                   “(ii) AVERAGE WAGE INDEX.—The  
9                   term ‘average wage index’ means the aver-  
10                  age wage index published by the Social Se-  
11                  curity Administration.”.

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

15   **SEC. 4. EXPENSING LIMITATION FOR FARM VEHICLES.**

16           (a) IN GENERAL.—Paragraph (6) of section 179(b)  
17           of the Internal Revenue Code of 1986 (relating to limita-  
18           tions) is amended to read as follows:

19                                   “(6) LIMITATION ON COST TAKEN INTO AC-  
20                                   COUNT FOR FARM VEHICLES.—The cost of any vehi-  
21                                   cle described in section 280F(d)(5)(B)(iii) for any  
22                                   taxable year which may be taken into account under  
23                                   this section shall not exceed \$30,000.”.

1           (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to property placed in service after  
3 the date of the enactment of this Act.

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