

110TH CONGRESS  
2D SESSION

# S. 3281

To improve air quality by expanding the use of low-emission natural gas  
as a transportation fuel.

---

IN THE SENATE OF THE UNITED STATES

JULY 17, 2008

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

---

## A BILL

To improve air quality by expanding the use of low-emission  
natural gas as a transportation fuel.

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 “Drive America on Nat-  
5       ural Gas Act of 2008”.

6       **SEC. 2. RENEWABLE FUEL PROGRAM.**

7       (a) DEFINITION OF RENEWABLE FUEL.—Effective  
8       January 1, 2009, section 211(o)(1) of the Clean Air Act  
9       (42 U.S.C. 7545(o)(1)) is amended by striking subpara-  
10      graph (J) and inserting the following:

1 “(J) RENEWABLE FUEL.—

2 “(i) IN GENERAL.—The term ‘renew-  
3 able fuel’ means fuel that—

4 “(I) is produced from renewable  
5 biomass; and

6 “(II) is used to replace or reduce  
7 the quantity of fossil fuel present in a  
8 transportation fuel.

9 “(ii) RENEWABLE FUEL STANDARD.—  
10 For purposes of the renewable fuel stand-  
11 ard under paragraph (2), the term ‘renew-  
12 able fuel’ includes renewable and non-  
13 renewable natural gas, including com-  
14 pressed natural and liquefied natural gas  
15 when used as transportation fuel.”.

16 (b) CREDIT PROGRAM.—Effective January 1, 2009,  
17 section 211(o)(5)(A) of the Clean Air Act (42 U.S.C.  
18 7545(o)(5)(A)) is amended—

19 (1) in clause (ii), by striking “and” at the end;

20 (2) in clause (iii), by striking the period at the  
21 end and inserting “; and”; and

22 (3) by adding at the end the following:

23 “(iv) for the generation of an appro-  
24 priate quantity of credits for renewable  
25 and nonrenewable natural gas, including

1                   compressed natural and liquefied natural  
2                   gas when used as a transportation fuel.”.

3 **SEC. 3. NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHI-**  
4 **CLE CREDIT ALLOWED FOR DUAL FUELED**  
5 **AUTOMOBILES.**

6           (a) IN GENERAL.—Clause (i) of section 30B(e)(4)(A)  
7 of the Internal Revenue Code of 1986 (relating to defini-  
8 tion of new qualified alternative fuel motor vehicle) is  
9 amended to read as follows:

10                   “(i) which—  
11                   “(I) is only capable of operating  
12                   on an alternative fuel, or  
13                   “(II) is capable of operating on  
14                   an alternative fuel and gasoline or die-  
15                   sel fuel,”.

16           (b) CONFORMING AMENDMENT.—Section 30B(e) of  
17 the Internal Revenue Code of 1986 is amended by striking  
18 paragraph (5).

19           (c) 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.

22 **SEC. 4. NATURAL GAS VEHICLE RESEARCH, DEVELOPMENT,**  
23 **AND DEMONSTRATION PROJECTS.**

24           (a) DEFINITIONS.—In this section:

1           (1) ADMINISTRATOR.—The term “Adminis-  
2           trator” means the Administrator of the Environ-  
3           mental Protection Agency.

4           (2) NATURAL GAS.—The term “natural gas”  
5           means compressed natural gas, liquefied natural gas,  
6           biomethane, and mixtures of hydrogen and methane  
7           or natural gas.

8           (3) SECRETARY.—The term “Secretary” means  
9           the Secretary of Energy.

10          (b) PROGRAM.—The Secretary, in coordination with  
11          the Administrator, shall conduct a program of natural gas  
12          vehicle research, development, and demonstration.

13          (c) PURPOSE.—The program under this section shall  
14          focus on—

15               (1) the continued improvement and develop-  
16               ment of new, cleaner, more efficient light-duty, me-  
17               dium-duty, and heavy-duty natural gas vehicle en-  
18               gines;

19               (2) the integration of those engines into light-  
20               duty, medium-duty, and heavy-duty natural gas vehi-  
21               cles for onroad and offroad applications;

22               (3) expanding product availability by assisting  
23               manufacturers with the certification of the engines  
24               or vehicles described in paragraph (1) or (2) to Fed-

1       eral or California certification requirements and in-  
2       use emission standards;

3           (4) the demonstration and proper operation and  
4       use of the vehicles described in paragraph (2) under  
5       all operating conditions;

6           (5) the development and improvement of na-  
7       tionally recognized codes and standards for the con-  
8       tinued safe operation of natural gas vehicles and  
9       components;

10          (6) improvement in the reliability and efficiency  
11       of natural gas fueling station infrastructure;

12          (7) the certification of natural gas fueling sta-  
13       tion infrastructure to nationally recognized and in-  
14       dustry safety standards;

15          (8) the improvement in the reliability and effi-  
16       ciency of onboard natural gas fuel storage systems;

17          (9) the development of new natural gas fuel  
18       storage materials;

19          (10) the certification of onboard natural gas  
20       fuel storage systems to nationally recognized and in-  
21       dustry safety standards; and

22          (11) the use of natural gas engines in hybrid  
23       vehicles.

24       (d) CERTIFICATION OF CONVERSION SYSTEMS.—The  
25       Secretary shall coordinate with the Administrator on

1 issues related to streamlining the certification of natural  
 2 gas conversion systems to the appropriate Federal certifi-  
 3 cation requirements and in-use emission standards.

4 (e) COOPERATION AND COORDINATION WITH INDUS-  
 5 TRY.—In developing and carrying out the program under  
 6 this section, the Secretary shall coordinate with the nat-  
 7 ural gas vehicle industry to ensure cooperation between  
 8 the public and the private sector.

9 (f) CONDUCT OF PROGRAM.—The program under  
 10 this section shall be conducted in accordance with sections  
 11 3001 and 3002 of the Energy Policy Act of 1992 (42  
 12 U.S.C. 13541, 13542).

13 (g) REPORT.—Not later than 2 years after the date  
 14 of enactment of this Act, the Secretary shall submit to  
 15 Congress a report on the implementation of this section.

16 (h) AUTHORIZATION OF APPROPRIATIONS.—There  
 17 are authorized to be appropriated to the Secretary such  
 18 sums as are necessary to carry out this section.

19 **SEC. 5. DEVELOPMENT OF LOW-EMISSION NATURAL GAS**  
 20 **TRANSPORTATION-FUELED VEHICLES.**

21 Part C of title II of the Clean Air Act (42 U.S.C.  
 22 7581 et seq.) is amended by adding at the end the fol-  
 23 lowing:

1 **“SEC. 251. DEVELOPMENT OF LOW-EMISSION NATURAL GAS**  
2 **TRANSPORTATION-FUELED VEHICLES.**

3 “(a) DEFINITIONS.—In this section:

4 “(1) ALTERNATIVE FUEL.—The term ‘alter-  
5 native fuel’ means compressed or liquid natural gas.

6 “(2) ALTERNATIVE-FUELED VEHICLE.—The  
7 term ‘alternative-fueled vehicle’ means a vehicle that  
8 is manufactured or converted to operate using alter-  
9 native fuel.

10 “(3) BI-FUELED VEHICLE.—The term ‘bi-fueled  
11 vehicle’ means a vehicle that is capable of operating  
12 on gasoline or an alternative fuel, but not both at  
13 the same time.

14 “(4) CONVERT.—The term ‘convert’, with re-  
15 spect to a vehicle, means to modify the engine and  
16 other applicable components of the vehicle to enable  
17 the vehicle to operate using an alternative fuel (in-  
18 cluding compressed natural gas).

19 “(5) OBD SYSTEM.—The term ‘OBD system’  
20 means an on-board, computer-based diagnostic sys-  
21 tem built into certain vehicles to monitor the per-  
22 formance of certain primary engine components of  
23 the vehicle (including components responsible for  
24 controlling emissions).

1           “(6) PROGRAM.—The term ‘program’ means  
2           the alternative-fueled vehicle development dem-  
3           onstration program established under subsection (b).

4           “(7) SMALL VOLUME MANUFACTURER.—

5                   “(A) IN GENERAL.—The term ‘small vol-  
6                   ume manufacturer’ means a manufacturer of  
7                   vehicles described in section 86.001–1(e) of title  
8                   40, Code of Federal Regulations (or a successor  
9                   regulation) that is approved and certified in ac-  
10                  cordance with part 86 of subchapter C of chap-  
11                  ter I of title 40, Code of Federal Regulations  
12                  (or successor regulations).

13                   “(B) INCLUSION.—The term ‘small volume  
14                   manufacturer’ includes a manufacturer of kits  
15                   or equipment used to convert vehicles.

16           “(b) PROGRAM.—

17                   “(1) ESTABLISHMENT.—For the period of fiscal  
18                   years 2009 through 2013, the Administrator shall  
19                   establish and carry out a demonstration program to  
20                   assist States in facilitating the development of alter-  
21                   native-fueled vehicles.

22                   “(2) APPLICATION.—A State may participate in  
23                   the program by submitting to the Administrator an  
24                   application at such time, in such form, and con-



1       taining such information as the Administrator shall  
2       specify.

3               “(3) BENEFITS AVAILABLE TO PARTICIPATING  
4       SMALL VOLUME MANUFACTURERS.—Under the pro-  
5       gram, with respect to small volume manufacturers  
6       located in States participating in the program, the  
7       Administrator shall, by regulation—

8               “(A) waive all fees applicable to small vol-  
9       ume manufacturers for the certification and  
10       conversion of alternative-fueled vehicles;

11              “(B) waive requirements for recertification  
12       of kits for the conversion of vehicles in any case  
13       in which, as determined by the Administrator—

14              “(i) the kit has been previously cer-  
15       tified for the model of vehicle to be con-  
16       verted; and

17              “(ii) neither the kit nor the design  
18       and specifications of the model of vehicle  
19       to be converted have substantially changed;

20              “(C) modify such regulatory requirements  
21       relating to OBD systems as the Administrator  
22       determines to be appropriate to provide flexi-  
23       bility to small volume manufacturers in re-  
24       programming OBD systems to be compatible  
25       with the use of alternative fuel;

1           “(D) permit small volume manufacturers  
2           to include more vehicles and engines in a single  
3           engine category to improve the cost-efficiency of  
4           emission testing of converted vehicles;

5           “(E) waive the liability of small volume  
6           manufacturers, in the case of a bi-fueled vehicle  
7           capable of operating on gasoline or compressed  
8           natural gas, for the compliance of the gasoline  
9           system of the bi-fueled vehicle with applicable  
10          emission requirements;

11          “(F) provide additional guidance to small  
12          volume manufacturers with respect to the con-  
13          version of older models of vehicles; and

14          “(G) revise and streamline certification re-  
15          quirements applicable to small volume manufac-  
16          turers.

17          “(4) STATE RESPONSIBILITY.—As a condition  
18          of participating in the program, during the period of  
19          fiscal years 2009 through 2013, a State shall—

20               “(A) develop regulations for (as compared  
21               to Federal requirements in effect as of the date  
22               of enactment of this section) an equally effec-  
23               tive but less burdensome system of certifying  
24               and verifying emissions of alternative-fueled ve-  
25               hicles and equipment used for conversions; and

1                   “(B) not later than December 31, 2012,  
2                   submit the proposed regulations of the State to  
3                   the Administrator for review.

4           “(c) STATE PROGRAMS.—Upon receipt of proposed  
5 regulations of a State under subsection (b)(4), the Admin-  
6 istrator shall—

7                   “(1) review the regulations; and

8                   “(2) if the Administrator determines that the  
9                   implementation of the regulations would result in (as  
10                  compared to Federal requirements in effect as of the  
11                  date of enactment of this section) an equally effec-  
12                  tive but less burdensome system of certifying and  
13                  verifying emissions of alternative-fueled vehicles and  
14                  equipment used for conversions, authorize the State  
15                  to implement the regulations with respect to small  
16                  volume manufacturers in the State for the period of  
17                  fiscal years 2014 through 2018, subject to—

18                   “(A) the submission of annual reports to  
19                   the Administrator; and

20                   “(B) such periodic inspection and other  
21                   oversight requirements as the Administrator de-  
22                   termines to be appropriate.

23           “(d) DURATION OF PROGRAM.—The program and all  
24 authority under the program (other than the authority of

1 the Administrator described in subsection (c)) shall termi-  
 2 nate on December 31, 2013, unless the Administrator—

3 “(1) in consultation with the States, elects to  
 4 continue the program; and

5 “(2) promulgates such regulations as are nec-  
 6 essary to continue the program.

7 “(e) AUTHORIZATION OF APPROPRIATIONS.—There  
 8 are authorized to be appropriated such sums as are nec-  
 9 essary to carry out this section.”.

10 **SEC. 6. NATURAL GAS CONVERSION EMISSION CERTIFI-**  
 11 **CATIONS.**

12 Part C of title II of the Clean Air Act (42 U.S.C.  
 13 7581 et seq.) (as amended by section 5) is amended by  
 14 adding at the end the following:

15 **“SEC. 252. NATURAL GAS CONVERSION EMISSION CERTIFI-**  
 16 **CATIONS.**

17 “(a) IN GENERAL.—The Administrator shall waive  
 18 requirements for recertification of kits for the conversion  
 19 of vehicles into vehicles that are powered by natural gas  
 20 in any case in which, as determined by the Adminis-  
 21 trator—

22 “(1) the kit has been previously certified for the  
 23 model of vehicle to be converted; and

1           “(2) neither the kit nor the design and speci-  
2           fications of the model of vehicle to be converted have  
3           substantially changed.

4           “(b) OLDER VEHICLES.—The Administrator shall  
5           waive emission certification system requirements for a ve-  
6           hicle that is over 10 years old or has over 120,000 miles  
7           that is powered by natural gas.”.

○