

110TH CONGRESS  
1ST SESSION

# S. 339

To promote the national security and stability of the United States economy by reducing the dependence of the United States on oil through the use of alternative fuels and new technology, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 18, 2007

Mr. BAYH (for himself, Mr. BROWNBACK, Mr. LIEBERMAN, Mr. COLEMAN, Mr. GRAHAM, Mr. SALAZAR, Mr. SESSIONS, Mr. BINGAMAN, Mr. LUGAR, Mr. OBAMA, Ms. COLLINS, Mr. NELSON of Florida, Mr. AKAKA, Ms. CANTWELL, Mrs. CLINTON, Mr. DURBIN, Mrs. FEINSTEIN, Mr. KENNEDY, Mr. KERRY, Mr. KOHL, Mr. LEAHY, Mrs. LINCOLN, Mr. MENENDEZ, Mr. SCHUMER, and Mr. TESTER) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To promote the national security and stability of the United States economy by reducing the dependence of the United States on oil through the use of alternative fuels and new technology, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Dependence Reduction through Innovation in Vehicles  
6 and Energy Act” or the “DRIVE Act”.

1 (b) TABLE OF CONTENTS.—The table of contents of  
 2 this Act is as follows:

- Sec. 1. Short title; table of contents.  
 Sec. 2. Findings and purposes.

TITLE I—OIL SAVINGS PLAN AND REQUIREMENTS

- Sec. 101. Oil savings target and action plan.  
 Sec. 102. Standards and requirements.  
 Sec. 103. Initial evaluation.  
 Sec. 104. Review and update of action plan.  
 Sec. 105. Baseline and analysis requirements.  
 Sec. 106. Nonregulatory measures.

TITLE II—FUEL EFFICIENT VEHICLES FOR THE 21ST CENTURY

- Sec. 201. Tire fuel efficiency consumer information.  
 Sec. 202. Tire efficiency program.  
 Sec. 203. Reduction of school bus idling.  
 Sec. 204. Fuel efficiency for heavy duty trucks.  
 Sec. 205. Idling reduction tax credit.  
 Sec. 206. Near-term vehicle technology program.  
 Sec. 207. Plug-in hybrid electric and hydrogen vehicle prizes.  
 Sec. 208. Lightweight materials research and development.  
 Sec. 209. Hybrid and advanced diesel vehicles.  
 Sec. 210. Advanced technology motor vehicles manufacturing credit.  
 Sec. 211. Consumer incentives to purchase advanced technology vehicles.  
 Sec. 212. Consumer incentives to purchase plug-in hybrid electric vehicles.  
 Sec. 213. Federal fleet requirements.  
 Sec. 214. Federal agency ethanol-blended gasoline and biodiesel purchasing requirement.  
 Sec. 215. Use of the existing flexible fuel vehicle fleet of the Federal government.  
 Sec. 216. Standards for executive agency automobiles.  
 Sec. 217. Tax incentives for private fleets.  
 Sec. 218. Reducing incentives to guzzle gas.  
 Sec. 219. Increasing the efficiency of motor vehicles.

TITLE III—FUEL CHOICES FOR THE 21ST CENTURY

- Sec. 301. Increase in alternative fuel vehicle refueling property credit.  
 Sec. 302. Extension of biodiesel income and excise tax credits.  
 Sec. 303. Small ethanol producer credit expanded for producers of sucrose and cellulosic ethanol.  
 Sec. 304. Use of CAFE penalties to build alternative fueling infrastructure.  
 Sec. 305. Accelerating conversion to alternative fuels infrastructure.  
 Sec. 306. Increasing consumer awareness of flexible fuel automobiles.  
 Sec. 307. Minimum quantity of renewable fuel derived from cellulosic biomass.  
 Sec. 308. Minimum quantity of renewable fuel derived from sugar.  
 Sec. 309. Bioenergy research and development.  
 Sec. 310. Production incentives for cellulosic biofuels.  
 Sec. 311. Low-interest loan and grant program for retail delivery of E-85 fuel.  
 Sec. 312. Transit-Oriented Development Corridors.

## TITLE IV—NATIONWIDE ENERGY SECURITY MEDIA CAMPAIGN

Sec. 401. Nationwide media campaign to decrease oil consumption.

**1 SEC. 2. FINDINGS AND PURPOSES.****2 (a) FINDINGS.—**Congress finds that—**3 (1)** the United States is dangerously dependent  
**4** on oil;**5 (2)** that dependence threatens the national se-  
**6** curity, weakens the economy, hurts families, and  
**7** harms the environment of the United States;**8 (3)** the United States currently imports more  
**9** than 60 percent of the oil needed in the United  
**10** States, and that percentage is expected to grow to  
**11** almost 70 percent by 2025 if no actions are taken;**12 (4)** nearly 2,500,000 barrels of oil per day are  
**13** imported from countries in the Persian Gulf region;**14 (5)** dependence on foreign oil has led to stra-  
**15** tegic partnerships with some regimes that do not  
**16** share the democratic values of the United States;**17 (6)** terrorists have identified oil as a strategic  
**18** vulnerability and have increased attacks against oil  
**19** infrastructure worldwide;**20 (7)** oil imports comprise more than 31 percent  
**21** of the dangerously high United States trade deficit;**22 (8)** it is technically feasible to achieve oil sav-  
**23** ings of more than 2,500,000 barrels per day by  
**24** 2017 and 7,000,000 barrels per day by 2026;

1           (9) those goals can be achieved by establishing  
2 a set of flexible policies, including—

3           (A) increasing the efficiency of transpor-  
4 tation;

5           (B) providing economic incentives for man-  
6 ufacturers and consumers to produce and pur-  
7 chase fuel-efficient vehicles and clean alter-  
8 native fuels;

9           (C) encouraging the use of transit and the  
10 reduction of truck idling; and

11           (D) the commercialization of clean alter-  
12 native liquid fuels and expansion of alternative  
13 fuels infrastructure;

14           (10) technology available as of the date of en-  
15 actment of this Act (including popular hybrid-elec-  
16 tric vehicle models, the sales of which in the United  
17 States have increased tenfold in the past 5 years)  
18 make an oil savings plan eminently achievable;

19           (11) achieving those goals will benefit con-  
20 sumers and businesses through lower fuel bills and  
21 reduction in world oil prices;

22           (12) achieving those goals will help protect the  
23 economy of the United States by reducing vulner-  
24 ability to volatile oil prices and price shocks and by

1 developing clean energy and energy efficiency tech-  
2 nology in the United States; and

3 (13) it is urgent, essential, and feasible to im-  
4 plement an action plan to achieve oil savings as soon  
5 as practicable because any delay in initiating action  
6 will—

7 (A) make achieving necessary oil savings  
8 more difficult and expensive;

9 (B) increase the risks to the national secu-  
10 rity, economy, and environment of the United  
11 States; and

12 (C) harm consumers who want to pur-  
13 chase, and businesses who want to provide, oil  
14 savings technologies and fuels, and harm indi-  
15 viduals who are exposed to greater air pollution.

16 (b) PURPOSES.—The purposes of this Act are—

17 (1) to accelerate market penetration of ad-  
18 vanced technology vehicles, flexible fuel vehicles,  
19 biofuels, and other oil saving technologies;

20 (2) to enable the accelerated market penetra-  
21 tion of efficient transportation and clean alternative  
22 fuels without adverse impact on air quality while  
23 maintaining a policy of fuel neutrality, so as to allow  
24 market forces to elect the technologies and fuels that

1 are consumer-friendly, safe, environmentally-sound,  
2 and economic;

3 (3) to provide time-limited financial incentives  
4 to encourage production and consumer purchase of  
5 oil saving technologies and fuels nationwide; and

6 (4) to promote a nationwide diversity of clean  
7 alternative motor vehicle fuels and advanced motor  
8 vehicle technology, including advanced lean burn  
9 technology, hybrid technology, flexible fuel motor ve-  
10 hicles, alternatively fueled motor vehicles, and other  
11 oil saving technologies.

## 12 **TITLE I—OIL SAVINGS PLAN AND** 13 **REQUIREMENTS**

### 14 **SEC. 101. OIL SAVINGS TARGET AND ACTION PLAN.**

15 Not later than 270 days after the date of enactment  
16 of this Act, the Director of the Office of Management and  
17 Budget (referred to in this title as the “Director”) shall  
18 publish in the Federal Register an action plan consisting  
19 of—

20 (1) a list of requirements proposed or to be pro-  
21 posed pursuant to section 102 that are authorized to  
22 be issued under law in effect on the date of enact-  
23 ment of this Act, and this Act, that will be suffi-  
24 cient, when taken together, to save from the baseline  
25 determined under section 105—

1 (A) 2,500,000 barrels of oil per day on av-  
2 erage during calendar year 2016;

3 (B) 7,000,000 barrels of oil per day on av-  
4 erage during calendar year 2026; and

5 (C) 10,000,000 barrels per day on average  
6 during calendar year 2031; and

7 (2) a Federal Government-wide analysis dem-  
8 onstrating—

9 (A) the expected oil savings from the base-  
10 line to be accomplished by each requirement;  
11 and

12 (B) that all such requirements, taken to-  
13 gether, will achieve the oil savings specified in  
14 this section.

15 **SEC. 102. STANDARDS AND REQUIREMENTS.**

16 (a) IN GENERAL.—On or before the date of publica-  
17 tion of the action plan under section 101, the Secretary  
18 of Energy, the Secretary of Transportation, the Secretary  
19 of Defense, the Secretary of Agriculture, the Secretary of  
20 the Treasury, the Administrator of the Environmental  
21 Protection Agency, and the head of any other agency the  
22 President determines appropriate shall each propose, or  
23 issue a notice of intent to propose, regulations establishing  
24 each standard or other requirement listed in the action

1 plan that is under the jurisdiction of the respective agency  
2 using authorities described in subsection (b).

3 (b) AUTHORITIES.—The head of each agency de-  
4 scribed in subsection (a) shall use to carry out this sec-  
5 tion—

6 (1) any authority in existence on the date of en-  
7 actment of this Act (including regulations); and

8 (2) any new authority provided under this Act  
9 (including an amendment made by this Act).

10 (c) FINAL REGULATIONS.—Not later than 18 months  
11 after the date of enactment of this Act, the head of each  
12 agency described in subsection (a) shall promulgate final  
13 versions of the regulations required under this section.

14 (d) CONTENT OF REGULATIONS.—Each proposed  
15 and final regulation promulgated under this section  
16 shall—

17 (1) be sufficient to achieve at least the oil sav-  
18 ings resulting from the regulation under the action  
19 plan published under section 101; and

20 (2) be accompanied by an analysis by the appli-  
21 cable agency demonstrating that the regulation will  
22 achieve the oil savings from the baseline determined  
23 under section 105.

1 **SEC. 103. INITIAL EVALUATION.**

2 (a) IN GENERAL.—Not later than 2 years after the  
3 date of enactment of this Act, the Director shall—

4 (1) publish in the Federal Register a Federal  
5 Government-wide analysis of—

6 (A) the oil savings achieved from the base-  
7 line established under section 105; and

8 (B) the expected oil savings under the  
9 standards and requirements of this Act (and  
10 amendments made by this Act); and

11 (2) determine whether oil savings will meet the  
12 targets established under section 101.

13 (b) INSUFFICIENT OIL SAVINGS.—If the oil savings  
14 are less than the targets established under section 101,  
15 simultaneously with the analysis required under sub-  
16 section (a)—

17 (1) the Director shall publish a revised action  
18 plan that is sufficient to achieve the targets; and

19 (2) the head of each agency referred to in sec-  
20 tion 102(a) shall propose new or revised regulations  
21 that are sufficient to achieve the targets under sub-  
22 sections (a), (b), and (c), respectively, of section  
23 102.

24 (c) FINAL REGULATIONS.—Not later than 180 days  
25 after the date on which regulations are proposed under  
26 subsection (b)(2), the head of each agency referred to in

1 section 102(a) shall promulgate final versions of those reg-  
2 ulations that comply with section 102(a).

3 **SEC. 104. REVIEW AND UPDATE OF ACTION PLAN.**

4 (a) REVIEW.—Not later than January 1, 2011, and  
5 every 3 years thereafter, the Director shall submit to Con-  
6 gress, and publish, a report that—

7 (1) evaluates the progress achieved in imple-  
8 menting the oil savings targets established under  
9 section 101;

10 (2) analyzes the expected oil savings under the  
11 standards and requirements established under this  
12 Act and the amendments made by this Act; and

13 (3)(A) analyzes the potential to achieve oil sav-  
14 ings that are in addition to the savings required by  
15 section 101; and

16 (B) if the President determines that it is in the  
17 national interest, establishes a higher oil savings tar-  
18 get for calendar year 2017 or any subsequent cal-  
19 endar year.

20 (b) INSUFFICIENT OIL SAVINGS.—If the oil savings  
21 are less than the targets established under section 101,  
22 simultaneously with the report required under subsection  
23 (a)—

24 (1) the Director shall publish a revised action  
25 plan that is sufficient to achieve the targets; and

1           (2) the head of each agency referred to in sec-  
2           tion 102(a) shall propose new or revised regulations  
3           that are sufficient to achieve the targets under sub-  
4           sections (a), (b), and (c), respectively, of section  
5           102.

6           (c) FINAL REGULATIONS.—Not later than 180 days  
7           after the date on which regulations are proposed under  
8           subsection (b)(2), the head of each agency referred to in  
9           section 102(a) shall promulgate final versions of those reg-  
10          ulations that comply with section 102(a).

11   **SEC. 105. BASELINE AND ANALYSIS REQUIREMENTS.**

12          In performing the analyses and promulgating pro-  
13          posed or final regulations to establish standards and other  
14          requirements necessary to achieve the oil savings required  
15          by this title, the Secretary of Energy, the Secretary of  
16          Transportation, the Secretary of Defense, the Secretary  
17          of Agriculture, the Administrator of the Environmental  
18          Protection Agency, and the head of any other agency the  
19          President determines to be appropriate shall—

20               (1) determine oil savings as the projected re-  
21               duction in oil consumption from the baseline estab-  
22               lished by the reference case contained in the report  
23               of the Energy Information Administration entitled  
24               “Annual Energy Outlook 2005”;



1 **“SEC. 30123A. TIRE FUEL EFFICIENCY CONSUMER INFOR-**  
2 **MATION.**

3 “(a) RULEMAKING.—

4 “(1) IN GENERAL.—Not later than 18 months  
5 after the date of the enactment of this section, the  
6 Secretary of Transportation shall, after notice and  
7 opportunity for comment, promulgate rules estab-  
8 lishing a national tire fuel efficiency consumer infor-  
9 mation program for tires designed for use on motor  
10 vehicles to educate consumers about the effect of  
11 tires on automobile fuel efficiency.

12 “(2) ITEMS TO BE INCLUDED IN RULES.—The  
13 rules promulgated under paragraph (1) shall in-  
14 clude—

15 “(A) a national tire fuel efficiency rating  
16 system for motor vehicle tires to assist con-  
17 sumers in making more educated tire pur-  
18 chasing decisions;

19 “(B) requirements for providing informa-  
20 tion to consumers, including point of sale infor-  
21 mation and other potential information dissemi-  
22 nation methods, including the Internet;

23 “(C) specifications for test methods for  
24 manufacturers to use in assessing and rating  
25 tires to avoid variation among test equipment  
26 and manufacturers; and

1           “(D) a national tire maintenance consumer  
2           education program to maximize fuel efficiency,  
3           which shall include information on tire inflation  
4           pressure, alignment, rotation, and tread wear.

5           “(b) CONSULTATION.—The Secretary shall consult  
6 with the Secretary of Energy and the Administrator of  
7 the Environmental Protection Agency on the means of  
8 conveying tire fuel efficiency consumer information.

9           “(c) TIRE MARKING.—The Secretary may not re-  
10          quire permanent labeling of any kind on a tire for the pur-  
11          pose of tire fuel efficiency information.

12          “(d) REPORTS TO CONGRESS.—

13                 “(1) IN GENERAL.—The Secretary shall peri-  
14                 odically assess the rules promulgated under this sec-  
15                 tion to determine—

16                         “(A) the utility of such rules to consumers;

17                         “(B) the level of cooperation by industry;

18                         and

19                         “(C) the contribution to national goals per-  
20                         taining to energy consumption.

21                 “(2) SUBMISSION.—The Secretary shall submit  
22                 periodic reports detailing the findings of the assess-  
23                 ments conducted under paragraph (1) to—

24                         “(A) the Committee on Commerce,

25                         Science, and Transportation of the Senate; and

1                   “(B) the Committee on Energy and Com-  
2                   merce of the House of Representatives.

3                   “(e) APPLICABILITY.—This section shall not apply to  
4                   tires excluded from coverage under section 575.104(e)(2)  
5                   of title 49, Code of Federal Regulations, as in effect on  
6                   date of the enactment of this section.

7                   “(f) PREEMPTION.—

8                   “(1) IN GENERAL.—A State or political subdivi-  
9                   sion of a State may not adopt or enforce a law or  
10                  regulation on tire fuel efficiency consumer informa-  
11                  tion that conflicts with a requirement under this sec-  
12                  tion.

13                  “(2) SAVINGS PROVISION.—Nothing in this sec-  
14                  tion may be construed to preempt a State or polit-  
15                  ical subdivision of a State from regulating the fuel  
16                  efficiency of tires if such regulation is not otherwise  
17                  preempted under this section.”.

18                  (b) ENFORCEMENT.—Section 30165(a) of title 49,  
19                  United States Code, is amended by adding at the end the  
20                  following:

21                  “(4) SECTION 30123A.—Any person who fails to  
22                  comply with the national tire fuel efficiency con-  
23                  sumer information program under section 30123A  
24                  shall be subject to the United States Government for

1 a civil penalty of not more than \$50,000 for each  
2 violation.”.

3 (c) TABLE OF CONTENTS.—The table of contents for  
4 chapter 301 of title 49, United States Code, is amended  
5 by inserting after the item relating to section 30123 the  
6 following:

“30123A. Tire fuel efficiency consumer information .”.

7 **SEC. 202. TIRE EFFICIENCY PROGRAM.**

8 (a) STANDARDS FOR TIRES MANUFACTURED FOR  
9 INTERSTATE COMMERCE.—Section 30123 of title 49,  
10 United States Code, is amended—

11 (1) in subsection (b)—

12 (A) in the first sentence, by striking “The  
13 Secretary” and inserting the following:

14 “(1) UNIFORM QUALITY GRADING SYSTEM.—

15 “(A) IN GENERAL.—The Secretary”;

16 (B) in the second sentence, by striking  
17 “The Secretary also shall” and inserting the  
18 following:

19 “(B) INCLUSION.—The grading system es-  
20 tablished pursuant to subparagraph (A) shall  
21 include standards for rating the fuel efficiency  
22 of tires designed for use on passenger cars and  
23 light trucks.

24 “(2) NOMENCLATURE AND MARKETING PRAC-  
25 TICES.—The Secretary shall”; and

1 (C) in the third sentence, by striking “A  
2 tire standard” and inserting the following:

3 “(3) EFFECT OF STANDARDS AND REGULA-  
4 TIONS.—A tire standard”; and

5 (2) by adding at the end the following:

6 “(d) NATIONAL TIRE EFFICIENCY PROGRAM.—

7 “(1) DEFINED TERM.—In this subsection, the  
8 term ‘fuel economy’, with respect to a tire, means  
9 the extent to which the tire contributes to the fuel  
10 economy of the automobile on which the tire is  
11 mounted.

12 “(2) PROGRAM.—The Secretary shall develop  
13 and carry out a national tire fuel efficiency program  
14 for tires designed for use on passenger automobiles  
15 and light trucks.

16 “(3) REQUIREMENTS.—Not later than March  
17 31, 2009, the Secretary shall issue regulations,  
18 which establish—

19 “(A) policies and procedures for testing  
20 and labeling tires for fuel economy to enable  
21 tire buyers to make informed purchasing deci-  
22 sions about the fuel economy of tires;

23 “(B) policies and procedures to promote  
24 the purchase of energy efficient replacement  
25 tires, including purchase incentives, website list-

1           ings on the Internet, printed fuel economy  
2           guide booklets, and mandatory requirements for  
3           tire retailers to provide tire buyers with fuel ef-  
4           ficiency information on tires; and

5                 “(C) minimum fuel economy standards for  
6           tires.

7                 “(4) MINIMUM FUEL ECONOMY STANDARDS.—

8           In promulgating minimum fuel economy standards  
9           for tires, the Secretary shall design standards that—

10                 “(A) ensure, in conjunction with the re-  
11           quirements under paragraph (3)(B), that the  
12           average fuel economy of replacement tires is not  
13           less than the average fuel economy of tires sold  
14           as original equipment;

15                 “(B) secure the maximum technically fea-  
16           sible and cost-effective fuel savings;

17                 “(C) do not adversely affect tire safety;

18                 “(D) incorporate the results from—

19                         “(i) laboratory testing; and

20                         “(ii) on-road fleet testing programs  
21           conducted by manufacturers, to the extent  
22           appropriate and available; and

23                 “(E) do not adversely affect efforts to  
24           manage scrap tires.

1           “(5) APPLICABILITY.—The policies, procedures,  
2           and standards developed under paragraph (3) shall  
3           apply to all tire types and models regulated under  
4           the uniform tire quality grading standards in section  
5           575.104 of title 49, Code of Federal Regulations (or  
6           a successor regulation).

7           “(6) REVIEW.—

8           “(A) IN GENERAL.—Not less frequently  
9           than once every 3 years, the Secretary shall—

10           “(i) review the minimum fuel economy  
11           standards in effect for tires under this sub-  
12           section; and

13           “(ii) subject to subparagraph (B), re-  
14           vise the standards as necessary to ensure  
15           compliance with standards described in  
16           paragraph (4).

17           “(B) LIMITATION.—The Secretary may  
18           not reduce the average fuel economy standards  
19           applicable to replacement tires.

20           “(7) NO PREEMPTION OF STATE LAW.—Noth-  
21           ing in this section shall be construed to preempt any  
22           provision of State law relating to higher fuel econ-  
23           omy standards applicable to replacement tires de-  
24           signed for use on passenger automobiles and light  
25           trucks.

1           “(8) EXCEPTIONS.—Nothing in this section  
2 shall apply to—

3           “(A) a tire or group of tires with the same  
4 stock keeping unit, plant, and year, for which  
5 the volume of tires produced or imported is less  
6 than 15,000 annually;

7           “(B) a deep tread, winter-type snow tire,  
8 space-saver tire, or temporary use spare tire;

9           “(C) a tire with a normal rim diameter of  
10 12 inches or less;

11           “(D) a motorcycle tire; or

12           “(E) a tire manufactured specifically for  
13 use in an off-road motorized recreational vehi-  
14 cle.”.

15       (b)       CONFORMING        AMENDMENT.—Section  
16 30103(b)(1) of title 49, United States Code, is amended  
17 by striking “When” and inserting “Except as provided in  
18 section 30123(d), if”.

19       (c)       TIME FOR IMPLEMENTATION.—Beginning not  
20 later than March 31, 2009, the Secretary of Transpor-  
21 tation shall administer the national tire fuel efficiency pro-  
22 gram established under section 30123(d) of title 49,  
23 United States Code, as added by subsection (a).

24       (d)       AUTHORIZATION OF APPROPRIATIONS.—There  
25 are authorized to be appropriated, for each of fiscal years

1 2008 through 2012, such sums as may be necessary to  
2 carry out section 30123(d) of title 49, United States Code,  
3 as added by subsection (a).

4 **SEC. 203. REDUCTION OF SCHOOL BUS IDLING.**

5 (a) STATEMENT OF POLICY.—Congress encourages  
6 each local educational agency (as defined in section  
7 9101(26) of the Elementary and Secondary Education Act  
8 of 1965 (20 U.S.C. 7801(26))) that receives Federal funds  
9 under the Elementary and Secondary Education Act of  
10 1965 (20 U.S.C. 6301 et seq.) to develop a policy to re-  
11 duce the incidence of school bus idling at schools while  
12 picking up and unloading students.

13 (b) AUTHORIZATION OF APPROPRIATIONS.—There  
14 are authorized to be appropriated to the Administrator of  
15 the Environmental Protection Agency, working in coordi-  
16 nation with the Secretary of Education, \$5,000,000 for  
17 each of fiscal years 2008 through 2013 for use in edu-  
18 cating States and local education agencies about—

19 (1) benefits of reducing school bus idling; and  
20 (2) ways in which school bus idling may be re-  
21 duced.

22 **SEC. 204. FUEL EFFICIENCY FOR HEAVY DUTY TRUCKS.**

23 Part C of subtitle VI of title 49, United States Code,  
24 is amended by inserting after chapter 329 the following:

1     **“CHAPTER 330—HEAVY DUTY VEHICLE**  
 2             **FUEL ECONOMY STANDARDS**

“CHAPTER 330—HEAVY DUTY VEHICLE FUEL ECONOMY STANDARDS

“Sec.

“33001. Purpose and policy.

“33002. Definition.

“33003. Testing and assessment.

“33004. Standards.

“33005. Authorization of appropriations.

3     **“§ 33001. Purpose and policy**

4             “The purpose of this chapter is to reduce petroleum  
 5 consumption by heavy duty motor vehicles.

6     **“§ 33002. Definition**

7             “In this chapter, the term ‘heavy duty motor vehi-  
 8 cle’—

9                 “(1) means a vehicle having a gross vehicle  
 10 weight rating of at least 10,000 pounds that is driv-  
 11 en or drawn by mechanical power and manufactured  
 12 primarily for use on public streets, roads, and high-  
 13 ways; and

14                 “(2) does not include a vehicle operated only on  
 15 a rail line.

16     **“§ 33003. Testing and assessment**

17             “(a) GENERAL REQUIREMENTS.—The Administrator  
 18 of the Environmental Protection Agency (referred to in  
 19 this section as the ‘Administrator’) shall develop and co-  
 20 ordinate a national testing and assessment program to—

1           “(1) determine the fuel economy of heavy duty  
2 vehicles; and

3           “(2) assess the fuel efficiency attainable  
4 through available technology.

5           “(b) TESTING.—Not later than 18 months after the  
6 date of the enactment of this chapter, the Administrator  
7 shall design and implement a National testing program  
8 to assess the fuel economy of heavy duty vehicles that is  
9 modeled on the fuel economy program established under  
10 chapter 329.

11          “(c) ASSESSMENT.—The Administrator shall consult  
12 with the Secretary of Transportation on the assessment  
13 of available technologies to enhance the fuel efficiency of  
14 heavy duty vehicles to ensure that the assessment appro-  
15 priately considers vehicle use and needs.

16          “(d) REPORTING.—The Administrator shall—

17           “(1) not later than 2 years after the date of the  
18 enactment of this chapter, submit a report to Con-  
19 gress regarding the results of the assessment of  
20 available technologies to improve the fuel efficiency  
21 of heavy duty vehicles.

22           “(2) not less frequently than once every 2  
23 years, submit a report to Congress that addresses  
24 the fuel economy of heavy duty vehicles; and

1 **“§ 33004. Standards**

2       “(a) GENERAL REQUIREMENTS.—Not later than 18  
3 months after completing the testing and assessments  
4 under section 33003, the Secretary of Transportation  
5 shall promulgate regulations prescribing average heavy  
6 duty vehicle fuel economy standards. Each standard shall  
7 be the maximum feasible average fuel economy level that  
8 the Secretary determines that manufacturers can achieve  
9 for that model year. The Secretary may prescribe separate  
10 standards for different classes of heavy duty motor vehi-  
11 cles. The standards for each model year shall be completed  
12 not later than 18 months before the beginning of each  
13 model year.

14       “(b) CONSIDERATIONS AND CONSULTATION.—In de-  
15 termining maximum feasible average fuel economy, the  
16 Secretary shall consider—

17               “(1) relevant available heavy duty motor vehicle  
18 fuel consumption information;

19               “(2) technological feasibility;

20               “(3) economic practicability;

21               “(4) the desirability of reducing United States  
22 dependence on oil;

23               “(5) the effects of average fuel economy stand-  
24 ards on vehicle safety;

1           “(6) the effects of average fuel economy stand-  
2           ards on levels of employment and competitiveness of  
3           the heavy truck manufacturing industry; and

4           “(7) the extent to which the standard will carry  
5           out the purpose described in section 33001.

6           “(c) COOPERATION.—The Secretary may advise, as-  
7           sist, and cooperate with departments, agencies, and in-  
8           strumentalities of the Federal Government, States, and  
9           other public and private agencies in developing fuel econ-  
10          omy standards for heavy duty motor vehicles.

11          “(d) 5-YEAR PLAN FOR TESTING STANDARDS.—The  
12          Secretary shall establish, periodically review, and contin-  
13          ually update a 5-year plan for testing heavy duty motor  
14          vehicle fuel economy standards prescribed under this chap-  
15          ter. In developing and establishing testing priorities, the  
16          Secretary shall consider factors the Secretary considers  
17          appropriate, consistent with the purpose described in sec-  
18          tion 33001 and the Secretary’s other duties and powers  
19          under this chapter.

20          **“§ 33005. Authorization of appropriations**

21          “There are authorized to be appropriated, for each  
22          of fiscal years 2008 through 2013, such sums as may be  
23          necessary to carry out this chapter.”.

1 **SEC. 205. IDLING REDUCTION TAX CREDIT.**

2 (a) IN GENERAL.—Subpart D of part IV of sub-  
 3 chapter A of chapter 1 of the Internal Revenue Code of  
 4 1986 (relating to business-related credits) is amended by  
 5 adding at the end the following new section:

6 **“SEC. 450. IDLING REDUCTION CREDIT.**

7 “(a) GENERAL RULE.—For purposes of section 38,  
 8 the idling reduction tax credit determined under this sec-  
 9 tion for the taxable year is an amount equal to 50 percent  
 10 of the amount paid or incurred for the purchase and in-  
 11 stallation of each qualifying idling reduction device or  
 12 qualifying idle reduction infrastructure placed in service  
 13 by the taxpayer during the taxable year.

14 “(b) LIMITATION.—The maximum amount allowed as  
 15 a credit under subsection (a) shall not exceed \$3,500 per  
 16 device or per infrastructure.

17 “(c) DEFINITIONS.—For purposes of subsection  
 18 (a)—

19 “(1) QUALIFYING IDLING REDUCTION DE-  
 20 VICE.—The term ‘qualifying idling reduction device’  
 21 means any device or system of devices which—

22 “(A) is installed on a heavy-duty diesel-  
 23 powered on-highway vehicle,

24 “(B) is designed to provide to such vehicle  
 25 those services (such as heat, air conditioning, or  
 26 electricity) that would otherwise require the op-

1           eration of the main drive engine while the vehi-  
2           cle is temporarily parked or remains stationary  
3           using either—

4                   “(i) an all electric unit, such as a bat-  
5                   tery powered unit or from grid-supplied  
6                   electricity, or

7                   “(ii) a dual fuel unit powered by die-  
8                   sel or other fuels, and capable of providing  
9                   such services from grid-supplied electricity  
10                  or on-truck batteries alone,

11                 “(C) the original use of which commences  
12                 with the taxpayer,

13                 “(D) is acquired for use by the taxpayer  
14                 and not for resale, and

15                 “(E) is certified by the Secretary of En-  
16                 ergy, in consultation with the Administrator of  
17                 the Environmental Protection Agency and the  
18                 Secretary of Transportation, to reduce long-du-  
19                 ration idling of such vehicle at a motor vehicle  
20                 rest stop or other location where such vehicles  
21                 are temporarily parked or remain stationary.

22                 “(2) HEAVY-DUTY DIESEL-POWERED ON-HIGH-  
23                 WAY VEHICLE.—The term ‘heavy-duty diesel-pow-  
24                 ered on-highway vehicle’ means any vehicle, ma-  
25                 chine, tractor, trailer, or semi-trailer propelled or

1 drawn by mechanical power and used upon the high-  
2 ways in the transportation of passengers or prop-  
3 erty, or any combination thereof determined by the  
4 Federal Highway Administration.

5 “(3) LONG-DURATION IDLING.—The term ‘long-  
6 duration idling’ means the operation of a main drive  
7 engine, for a period greater than 15 consecutive  
8 minutes, where the main drive engine is not engaged  
9 in gear. Such term does not apply to routine stop-  
10 pages associated with traffic movement or conges-  
11 tion.

12 “(4) QUALIFYING IDLE REDUCTION INFRA-  
13 STRUCTURE.—The term ‘qualifying idle reduction  
14 infrastructure’ means either—

15 “(A) off-truck equipment to supply electric  
16 power, including electric receptacles, boxes, wir-  
17 ing, conduit, and other connections to one truck  
18 space, or

19 “(B) off-truck equipment that directly pro-  
20 vides air conditioning, heating, electric power,  
21 and other connections and services to one truck  
22 space.

23 “(d) NO DOUBLE BENEFIT.—For purposes of this  
24 section—

1           “(1) REDUCTION IN BASIS.—If a credit is de-  
 2           termined under this section with respect to any  
 3           property by reason of expenditures described in sub-  
 4           section (a), the basis of such property shall be re-  
 5           duced by the amount of the credit so determined.

6           “(2) OTHER DEDUCTIONS AND CREDITS.—No  
 7           deduction or credit shall be allowed under any other  
 8           provision of this chapter with respect to the amount  
 9           of the credit determined under this section.

10          “(e) ELECTION NOT TO CLAIM CREDIT.—This sec-  
 11          tion shall not apply to a taxpayer for any taxable year  
 12          if such taxpayer elects to have this section not apply for  
 13          such taxable year.”.

14          (b) CREDIT TO BE PART OF GENERAL BUSINESS  
 15          CREDIT.—Subsection (b) of section 38 of the Internal  
 16          Revenue Code of 1986 (relating to general business credit)  
 17          is amended by striking “plus” at the end of paragraph  
 18          (30), by striking the period at the end of paragraph (31)  
 19          and inserting “, plus” , and by adding at the end the fol-  
 20          lowing new paragraph:

21                  “(32) the idling reduction tax credit determined  
 22                  under section 45O(a).”.

23          (c) CONFORMING AMENDMENTS.—

24                  (1) The table of sections for subpart D of part  
 25                  IV of subchapter A of chapter 1 of the Internal Rev-

1           enue Code of 1986 is amended by inserting after the  
2           item relating to section 45N the following new item:

“Sec. 45O. Idling reduction credit.”.

3           (2) Section 1016(a) of such Code is amended  
4           by striking “and” at the end of paragraph (36), by  
5           striking the period at the end of paragraph (37) and  
6           inserting “, and”, and by adding at the end the fol-  
7           lowing:

8           “(38) in the case of a facility with respect to  
9           which a credit was allowed under section 45O, to the  
10          extent provided in section 45O(d)(1).”.

11          (3) Section 6501(m) of such Code is amended  
12          by inserting “45O(e),” after “45D(c)(4),”.

13          (d) EFFECTIVE DATE.—The amendments made by  
14          this section shall apply to taxable years beginning after  
15          December 31, 2006.

16          (e) DETERMINATION OF CERTIFICATION STANDARDS  
17          BY SECRETARY OF ENERGY FOR CERTIFYING IDLING RE-  
18          DUCTION DEVICES.—Not later than 6 months after the  
19          date of the enactment of this Act and in order to reduce  
20          air pollution and fuel consumption, the Secretary of En-  
21          ergy, in consultation with the Administrator of the Envi-  
22          ronmental Protection Agency and the Secretary of Trans-  
23          portation, shall publish the standards under which the  
24          Secretary, in consultation with the Administrator of the  
25          Environmental Protection Agency and the Secretary of

1 Transportation, will, for purposes of section 45O of the  
2 Internal Revenue Code of 1986 (as added by this section),  
3 certify the idling reduction devices and idling reduction in-  
4 frastructure which will reduce long-duration idling of vehi-  
5 cles at motor vehicle rest stops or other locations where  
6 such vehicles are temporarily parked or remain stationary  
7 in order to reduce air pollution and fuel consumption.

8 **SEC. 206. NEAR-TERM VEHICLE TECHNOLOGY PROGRAM.**

9 (a) PURPOSES.—The purposes of this section are to  
10 enhance the energy security of the United States, reduce  
11 dependence on imported oil, improve the energy efficiency  
12 of the transportation sector, and reduce emissions through  
13 the expansion of grid-supported mobility by—

14 (1) developing, in partnership with private in-  
15 dustry, research institutions, National Laboratories,  
16 and institutions of higher education, projects to pro-  
17 mote—

18 (A) the commercialization of electric drive  
19 transportation technology and hybrid vehicle  
20 technology for various sizes and applications of  
21 vehicles, including the commercialization of  
22 plug-in hybrid electric vehicles and plug-in hy-  
23 brid fuel cell vehicles;

24 (B) growth in employment in the United  
25 States in—

1 (i) electric drive transportation tech-  
2 nology and hybrid vehicle system design;  
3 and

4 (ii) the manufacturing of electric drive  
5 and hybrid components and vehicles;

6 (C) the validation of the potential for plug-  
7 in hybrid vehicles through fleet demonstrations  
8 and data collection; and

9 (D) the acceleration of fuel cell commer-  
10 cialization through comprehensive development  
11 and commercialization of the electric drive  
12 transportation technology systems that are the  
13 foundational technology of the fuel cell vehicle  
14 system;

15 (2) making critical public investments to help  
16 private industry, research institutions, National Lab-  
17 oratories, and institutions of higher education to ex-  
18 pand innovation, industrial growth, and jobs in the  
19 United States through the development, demonstra-  
20 tion, and commercialization of a wide range of elec-  
21 tric drive transportation technology and hybrid tech-  
22 nology components, systems, and vehicles using di-  
23 verse transportation technologies;

24 (3) optimizing the availability of the existing  
25 electric infrastructure for fueling light-duty trans-

1       portation and other on-road and nonroad vehicles in  
2       lieu of vehicles and equipment that use petroleum,  
3       including the more than 3,000,000 reported units  
4       (such as electric forklifts, golf carts, and similar  
5       nonroad vehicles) in use on the date of enactment of  
6       this Act; and

7               (4) developing advanced communication, meter-  
8       ing, and charging technologies necessary for the in-  
9       tegration of electric drive transportation technology  
10       into the smart grid of the future.

11       (b) DEFINITIONS.—In this section:

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

15               (2) BATTERY.—The term “battery” means an  
16       electrochemical energy storage device used in an on-  
17       road or nonroad vehicle powered in whole or in part  
18       using an off-board or on-board source of electricity.

19               (3) ELECTRIC DRIVE TRANSPORTATION TECH-  
20       NOLOGY.—The term “electric drive transportation  
21       technology” means—

22                       (A) vehicles that use an electric motor for  
23                       all or part of the motive power of the vehicles  
24                       and that may or may not use off-board elec-  
25                       tricity, including battery electric vehicles, fuel

1 cell vehicles, engine dominant hybrid vehicles,  
2 plug-in hybrid electric vehicles, plug-in hybrid  
3 fuel cell vehicles, and electric rail; or

4 (B) equipment relating to transportation  
5 or mobile sources of air pollution that use an  
6 electric motor to replace an internal combustion  
7 engine for all or part of the work of the equip-  
8 ment, including—

9 (i) corded electric equipment linked to  
10 transportation or mobile sources of air pol-  
11 lution; and

12 (ii) electrification technologies at air-  
13 ports, ports, truck stops, and material-han-  
14 dling facilities.

15 (4) ENERGY STORAGE DEVICE.—

16 (A) IN GENERAL.—The term “energy stor-  
17 age device” means the onboard device used in  
18 an on-road or nonroad vehicle to store energy.

19 (B) INCLUSIONS.—The term “energy stor-  
20 age device” includes—

21 (i) in the case of an electric or hybrid  
22 electric vehicle, a battery, ultracapacitor,  
23 or similar device; and

24 (ii) in the case of a hybrid hydraulic  
25 vehicle, an accumulator or similar device.

1           (5) ENGINE DOMINANT HYBRID VEHICLE.—The  
2 term “engine dominant hybrid vehicle” means an  
3 on-road or nonroad vehicle that—

4                   (A) is propelled by an internal combustion  
5 engine or heat engine using—

6                           (i) any combustible fuel; and

7                           (ii) an on-board, rechargeable energy  
8 storage device; and

9                   (B) has no means of using an off-board  
10 source of energy.

11           (6) FUEL CELL VEHICLE.—The term “fuel cell  
12 vehicle” means an on-road or nonroad vehicle that  
13 uses a fuel cell (as defined in section 803 of the  
14 Spark M. Matsunaga Hydrogen Research, Develop-  
15 ment, and Demonstration Act of 1990 (42 U.S.C.  
16 16152)).

17           (7) INSTITUTION OF HIGHER EDUCATION.—The  
18 term “institution of higher education” has the  
19 meaning given the term in section 2 of the Energy  
20 Policy Act of 2005 (42 U.S.C. 15801).

21           (8) NONROAD VEHICLE.—The term “nonroad  
22 vehicle” means a vehicle powered by a nonroad en-  
23 gine, as that term is defined in section 216 of the  
24 Clean Air Act (42 U.S.C. 7550).

1           (9) PLUG-IN HYBRID ELECTRIC VEHICLE.—The  
2 term “plug-in hybrid electric vehicle” means a light-  
3 duty, medium-duty, or heavy-duty on-road or  
4 nonroad vehicle that is propelled by any combination  
5 of—

6                   (A) an electric motor and on-board, re-  
7 chargeable energy storage system capable of op-  
8 erating the vehicle in intermittent or continuous  
9 all-electric mode and which is rechargeable  
10 using an off-board source of electricity; and

11                   (B) an internal combustion engine or heat  
12 engine using any combustible fuel.

13           (10) PLUG-IN HYBRID FUEL CELL VEHICLE.—  
14 The term “plug-in hybrid fuel cell vehicle” means a  
15 fuel cell vehicle with an on-board, rechargeable stor-  
16 age device powered by an off-board source of elec-  
17 tricity.

18           (11) QUALIFIED ELECTRIC TRANSPORTATION  
19 PROJECT.—The term “qualified electric transpor-  
20 tation project” includes a project relating to—

21                   (A) ship-to-shore electrification;

22                   (B) truck-stop electrification;

23                   (C) electric truck refrigeration units;

24                   (D) electric airport ground support equip-  
25 ment;

- 1 (E) electric material handling equipment;  
2 (F) electric or dual-mode electric freight  
3 rail; and  
4 (G) any associated infrastructure, includ-  
5 ing panel upgrades, battery chargers, and  
6 trenching.

7 (12) SECRETARY.—The term “Secretary”  
8 means the Secretary of Energy.

9 (13) TASK FORCE.—The term “Task Force”  
10 means the task force established under subsection  
11 (e)(2)(A).

12 (c) ELECTRIC DRIVE AND HYBRID TRANSPORTATION  
13 RESEARCH AND DEVELOPMENT.—The Secretary shall  
14 carry out a research, development, demonstration, and  
15 commercial application program for electric drive trans-  
16 portation technology and engine dominant hybrid vehicle  
17 technology, including—

18 (1) high capacity, high efficiency energy storage  
19 devices that, as compared to existing technologies  
20 that are in commercial service, have improved the  
21 life, energy storage capacity, and power delivery ca-  
22 pacity of the energy storage device;

23 (2) high efficiency on-board and off-board  
24 charging components;

1           (3) high power and energy-efficient drive train  
2 systems for passenger and commercial vehicles and  
3 for nonroad vehicles;

4           (4) control system development and power train  
5 development and integration for plug-in hybrid elec-  
6 tric vehicles, plug-in hybrid fuel cell vehicles, and en-  
7 gine dominant hybrid vehicles, including—

8                 (A) development of efficient cooling sys-  
9 tems;

10                (B) analysis and development of control  
11 systems that minimize the emissions profile  
12 when clean diesel engines are part of a plug-in  
13 hybrid drive system; and

14                (C) development of different control sys-  
15 tems that optimize for different goals, includ-  
16 ing—

17                     (i) energy storage device life;

18                     (ii) reduction of petroleum consump-  
19 tion; and

20                     (iii) greenhouse gas reduction;

21           (5) nanomaterial technology applied to energy  
22 storage device and fuel cell systems; and

23           (6) smart vehicle and grid interconnection de-  
24 vices and software that enable communications be-

1       tween the grid of the future and electric drive trans-  
2       portation technology vehicles.

3       (d) MARKET ASSESSMENT AND ELECTRICITY USAGE  
4 PROGRAM.—

5           (1) IN GENERAL.—The Secretary, in consulta-  
6       tion with the Administrator and private industry,  
7       shall carry out a program—

8           (A) to inventory and analyze existing elec-  
9       tric drive transportation technologies and hy-  
10      brid technologies and markets;

11          (B) to identify and implement methods of  
12      removing barriers for existing and emerging ap-  
13      plications of electric drive transportation tech-  
14      nologies and hybrid transportation technologies;

15          (C) to work with utilities to develop low-  
16      cost, simple methods of—

17           (i) using off-peak electricity; or

18           (ii) managing on-peak electricity use;

19          (D) to develop systems and processes—

20           (i) to enable plug-in hybrid vehicles to  
21      enhance the availability of emergency back-  
22      up power for consumers; and

23           (ii) to study and demonstrate the po-  
24      tential value to the electric grid to use the  
25      energy stored in the on-board storage sys-

1           tems to improve the efficiency and reli-  
 2           ability of the grid generation system; and  
 3           (E) to work with utilities and other inter-  
 4           ested stakeholders to study and demonstrate  
 5           the implications of the introduction of plug-in  
 6           hybrid vehicles and other types of electric trans-  
 7           portation on the production of electricity from  
 8           renewable resources.

9           (2) OFF-PEAK ELECTRICITY USAGE GRANTS.—

10          In carrying out the program under paragraph (1),  
 11          the Secretary shall provide grants to assist eligible  
 12          public and private electric utilities for the conduct of  
 13          programs or activities to encourage owners of elec-  
 14          tric drive transportation technologies—

15                   (A) to use off-peak electricity; or

16                   (B) to have the load managed by the util-  
 17                   ity.

18          (e) PLUG-IN HYBRID ELECTRIC VEHICLE, ELECTRIC  
 19          DRIVE TRANSPORTATION TECHNOLOGY, AND HYBRID  
 20          VEHICLE TESTING AND CERTIFICATION PROGRAM.—

21           (1) TESTING PROGRAM.—

22                   (A) IN GENERAL.—To facilitate the intro-  
 23                   duction of plug-in hybrid electric vehicles, elec-  
 24                   tric drive transportation technologies, and hy-  
 25                   brid vehicle technologies into commercial use,

1 the Secretary, in consultation with the Adminis-  
2 trator and in collaboration with private indus-  
3 try, shall develop and carry out a program to  
4 test the emissions of criteria pollutants, energy  
5 use, and the petroleum reduction potential of  
6 light-duty, medium-duty, and heavy-duty plug-  
7 in hybrid electric vehicles and other forms of  
8 electric drive transportation technologies under  
9 test conditions and actual driving conditions.

10 (B) TEST PROCEDURES.—

11 (i) DEVELOPMENT.—In developing  
12 test procedures for the program under sub-  
13 paragraph (A), the Secretary shall take  
14 into account the results of previous testing  
15 activities of the public and private sectors.

16 (ii) CONSIDERATIONS.—The test pro-  
17 cedures developed for the program under  
18 subparagraph (A) shall consider—

19 (I) the vehicle and fuel as a sys-  
20 tem, not just an engine;

21 (II) nightly off-board charging,  
22 as applicable; and

23 (III) different engine-turn on  
24 speed control strategies.

1 (C) FIELD OPERATIONS PROGRAM.—In  
2 conducting tests under the program under sub-  
3 paragraph (A), the Secretary shall use the ca-  
4 pabilities of the Field Operations Program and  
5 qualified vehicle testing sites of the Department  
6 of Energy.

7 (2) CERTIFICATION STANDARDS TASK FORCE.—

8 (A) IN GENERAL.—Not later than 180  
9 days after the date of enactment of this Act,  
10 the Administrator, in cooperation with the Sec-  
11 retary, shall establish a task force to develop  
12 minimum certification standards for plug-in hy-  
13 brid electric vehicles.

14 (B) COMPOSITION.—The Task Force shall  
15 be comprised of members, to be appointed by  
16 the Administrator, that represent—

17 (i) vehicle manufacturers;

18 (ii) environmental organizations;

19 (iii) utilities;

20 (iv) fleet operators;

21 (v) research organizations; and

22 (vi) appropriate Federal agencies, in-  
23 cluding the Department of Transportation  
24 and the Department of Energy.

25 (C) DUTIES.—The Task Force shall—

- 1 (i) identify critical path issues in the  
2 establishment of a certification protocol;
- 3 (ii) identify criteria for the establish-  
4 ment of a plug-in hybrid electric vehicle  
5 certification protocol that would be applica-  
6 ble to various plug-in hybrid vehicle tech-  
7 nologies, applications, and control strate-  
8 gies;
- 9 (iii) evaluate test data available from  
10 plug-in hybrid electric vehicle test pro-  
11 grams and fuel economy analyses;
- 12 (iv) work with the Administrator to  
13 develop guidelines to permit the emissions  
14 reductions attributable to the use of plug-  
15 in hybrid vehicles to be recognized for pur-  
16 poses of State implementation plans; and
- 17 (v) recommend a certification protocol  
18 for certifying the emissions, fuel economy,  
19 and petroleum usage of plug-in hybrid elec-  
20 tric vehicles.
- 21 (D) FINAL CERTIFICATION PROTOCOL.—
- 22 (i) IN GENERAL.—Not later than 18  
23 months after the date of enactment of this  
24 Act, the Administrator shall—

1 (I) publish in the Federal Reg-  
2 ister the recommended certification  
3 protocol developed under subpara-  
4 graph (C)(v); and

5 (II) provide an opportunity for  
6 public comment with respect to the  
7 recommended certification protocol.

8 (ii) PUBLICATION.—Not later than 2  
9 years after the date of enactment of this  
10 Act, the Administrator shall publish in the  
11 Federal Register the final certification pro-  
12 tocol for plug-in hybrid electric vehicles.

13 (f) EDUCATION PROGRAM.—

14 (1) IN GENERAL.—The Secretary shall develop  
15 a nationwide electric drive transportation technology  
16 program under which the Secretary provides—

17 (A) to secondary schools and high schools,  
18 teaching materials; and

19 (B) to institutions of higher education, as-  
20 sistance for programs relating to electric drive  
21 system and component engineering.

22 (2) ELECTRIC VEHICLE COMPETITION.—The  
23 program established under paragraph (1) shall in-  
24 clude a plug-in hybrid electric vehicle competition for  
25 institutions of higher education, which shall be

1 known as the “Dr. Andrew Frank Plug-In Hybrid  
2 Electric Vehicle Competition”.

3 (3) ENGINEERS.—In carrying out the program  
4 established under paragraph (1), the Secretary shall  
5 provide financial assistance to institutions of higher  
6 education to create new, or support existing, degree  
7 programs to ensure the availability of trained elec-  
8 trical and mechanical engineers with the skills nec-  
9 essary for the advancement of—

10 (A) plug-in hybrid electric vehicles; and

11 (B) other forms of electric drive transpor-  
12 tation technology vehicles.

13 (g) NEAR-TERM ELECTRIC TRANSPORTATION DE-  
14 PLOYMENT PROGRAM.—

15 (1) IN GENERAL.—Not later than 1 year after  
16 the date of enactment of this Act, the Administrator,  
17 after consultation with the Secretary and the Sec-  
18 retary of Transportation, shall establish a program  
19 under which the Administrator shall provide grants  
20 and loans to eligible entities for the conduct of quali-  
21 fied electric transportation projects that would re-  
22 duce emissions of criteria pollutants, greenhouse gas  
23 emissions, and petroleum usage by at least 40 per-  
24 cent as compared to commercially available, non-  
25 electric technologies.

## 1 (2) GRANTS.—

2 (A) IN GENERAL.—Of the amounts made  
3 available for grants under paragraph (1)—

4 (i)  $\frac{2}{3}$  shall be made available by the  
5 Administrator on a competitive basis to  
6 qualified electric transportation projects  
7 based on the overall cost-effectiveness of  
8 the projects in reducing emissions of cri-  
9 teria pollutants, emissions of greenhouse  
10 gases, and petroleum usage; and

11 (ii)  $\frac{1}{3}$  shall be made available by the  
12 Administrator to qualified electric trans-  
13 portation projects in the order that the  
14 grant applications are received, provided  
15 that the projects meet the minimum stand-  
16 ard for the reduction of emissions of cri-  
17 teria pollutants, emissions of greenhouse  
18 gases, and petroleum usage under para-  
19 graph (1).

20 (B) PREFERENCE.—In providing grants  
21 under this subsection, the Administrator shall  
22 give preference to large-scale projects and large  
23 -scale aggregators of projects.

## 24 (3) REVOLVING LOAN PROGRAM.—

1           (A) IN GENERAL.—The Administrator  
2 shall establish a revolving loan program to pro-  
3 vide loans to eligible entities for the conduct of  
4 qualified electric transportation projects.

5           (B) CRITERIA.—The Administrator shall  
6 establish criteria for the provision of loans  
7 under this paragraph.

8           (C) FUNDING.—Of amounts made avail-  
9 able to carry out this subsection, the Adminis-  
10 trator shall use any amounts not used to pro-  
11 vide grants under paragraph (2) to carry out  
12 the revolving loan program under this para-  
13 graph.

14       (h) COST-SHARING REQUIREMENT.—Notwith-  
15 standing section 988(c) of the Energy Policy Act of 2005  
16 (42 U.S.C. 16352(c)), the non-Federal share of the cost  
17 of carrying out any activities assisted under this section  
18 shall be 30 percent.

19       (i) MERIT REVIEW.—Notwithstanding section 989 of  
20 the Energy Policy Act of 2005 (42 U.S.C. 16353)—

21           (1) of the amounts made available to carry out  
22 this section under subsection (j)—

23               (A) not more than 30 percent shall be pro-  
24 vided to National Laboratories;

1           (B) not more than 10 percent shall be pro-  
2           vided, directly or indirectly, to projects for the  
3           development or demonstration of fuel cell vehi-  
4           cles or plug-in hybrid fuel cell vehicles; and

5           (C) not more than 5 percent shall be pro-  
6           vided, directly or indirectly, to projects for the  
7           development or demonstration of electric rail or  
8           magnetic levitation trains; and

9           (2) of the amounts made available to carry out  
10          subsection (g) under subsection (j)(2), not more  
11          than 30 percent shall be provided, directly or indi-  
12          rectly, to ship-to-shore electrification projects.

13          (j) AUTHORIZATION OF APPROPRIATIONS.—

14           (1) IN GENERAL.—There is authorized to be  
15           appropriated to carry out this section (other than  
16           subsection (g)) \$110,000,000 for each of fiscal years  
17           2008 through 2013.

18           (2) NEAR-TERM ELECTRIC TRANSPORTATION  
19           DEPLOYMENT PROGRAM.—There is authorized to be  
20           appropriated to carry out subsection (g)  
21           \$125,000,000 for each of fiscal years 2008 through  
22           2013.

1 **SEC. 207. PLUG-IN HYBRID ELECTRIC AND HYDROGEN VE-**  
2 **HICLE PRIZES.**

3 Section 1008 of the Energy Policy Act of 2005 (42  
4 U.S.C. 16396) is amended—

5 (1) in subsection (c), by inserting “, including  
6 plug-in hybrid and hydrogen vehicle technologies”  
7 before the period at the end; and

8 (2) in subsection (e)(2)—

9 (A) by striking “\$5,000,000” and inserting  
10 “\$450,000,000”; and

11 (B) by inserting “, to remain available  
12 until expended” before the period at the end.

13 **SEC. 208. LIGHTWEIGHT MATERIALS RESEARCH AND DE-**  
14 **VELOPMENT.**

15 (a) IN GENERAL.—As soon as practicable after the  
16 date of enactment of this Act, the Secretary of Energy  
17 shall establish a research and development program to de-  
18 termine ways in which—

19 (1) the weight of vehicles may be reduced to im-  
20 prove fuel efficiency without compromising pas-  
21 senger safety; and

22 (2) the cost of lightweight materials (such as  
23 steel alloys and carbon fibers) required for the con-  
24 struction of lighter-weight vehicles may be reduced.

1 (b) AUTHORIZATION OF APPROPRIATIONS.—There is  
2 authorized to be appropriated to carry out this section  
3 \$60,000,000 for each of fiscal years 2008 through 2013.

4 **SEC. 209. HYBRID AND ADVANCED DIESEL VEHICLES.**

5 (a) HYBRID VEHICLES.—Section 711 of the Energy  
6 Policy Act of 2005 (42 U.S.C. 16061) is amended to read  
7 as follows:

8 **“SEC. 711. HYBRID VEHICLES.**

9 “(a) DEFINITIONS.—In this section:

10 “(1) COST.—The term ‘cost’ has the meaning  
11 given the term ‘cost of a loan guarantee’ within the  
12 meaning of section 502(5)(C) of the Federal Credit  
13 Reform Act of 1990 (2 U.S.C. 661a(5)(C)).

14 “(2) ELIGIBLE PROJECT.—The term ‘eligible  
15 project’ means a project to—

16 “(A) improve hybrid technologies under  
17 subsection (b); or

18 “(B) encourage domestic production of ef-  
19 ficient hybrid and advanced diesel vehicles  
20 under section 712(a).

21 “(3) GUARANTEE.—

22 “(A) IN GENERAL.—The term ‘guarantee’  
23 has the meaning given the term ‘loan guar-  
24 antee’ in section 502 of the Federal Credit Re-  
25 form Act of 1990 (2 U.S.C. 661a).

1           “(B) INCLUSION.—The term ‘guarantee’  
2 includes a loan guarantee commitment (as de-  
3 fined in section 502 of the Federal Credit Re-  
4 form Act of 1990 (2 U.S.C. 661a)).

5           “(4) HYBRID TECHNOLOGY.—The term ‘hybrid  
6 technology’ means a battery or other rechargeable  
7 energy storage system, power electronic, hybrid sys-  
8 tems integration, and any other technology for use  
9 in hybrid vehicles (including plug-in hybrid electric  
10 vehicles and the components of the vehicles).

11           “(5) OBLIGATION.—The term ‘obligation’  
12 means the loan or other debt obligation that is guar-  
13 anteed under this section.

14           “(b) AUTHORIZATION.—The Secretary shall accel-  
15 erate efforts directed toward the improvement of hybrid  
16 technologies, including through the provision of loan guar-  
17 antees under subsection (c).

18           “(c) LOAN GUARANTEES.—

19           “(1) IN GENERAL.—The Secretary shall make  
20 guarantees under this section for eligible projects on  
21 such terms and conditions as the Secretary, in con-  
22 sultation with the Secretary of the Treasury, deter-  
23 mines to be appropriate.

24           “(2) SPECIFIC APPROPRIATION OR CONTRIBU-  
25 TION.—No guarantee shall be made unless—

1           “(A) an appropriation for the cost has  
2           been made; or

3           “(B) the Secretary has received from the  
4           borrower a payment in full for the cost of the  
5           obligation and deposited the payment into the  
6           Treasury.

7           “(3) AMOUNT.—Unless otherwise provided by  
8           law, a guarantee by the Secretary shall not exceed  
9           an amount equal to 80 percent of the project cost  
10          of the hybrid technology that is the subject of the  
11          guarantee, as estimated at the time at which the  
12          guarantee is issued.

13          “(4) REPAYMENT.—

14                 “(A) IN GENERAL.—No guarantee shall be  
15                 made unless the Secretary determines that  
16                 there is a reasonable prospect of repayment of  
17                 the principal and interest on the obligation by  
18                 the borrower.

19                 “(B) AMOUNT.—No guarantee shall be  
20                 made unless the Secretary determines that the  
21                 amount of the obligation (when combined with  
22                 amounts available to the borrower from other  
23                 sources) will be sufficient to carry out the  
24                 project.

1           “(C) SUBORDINATION.—The obligation  
2           shall be subject to the condition that the obliga-  
3           tion is not subordinate to other financing.

4           “(5) INTEREST RATE.—An obligation shall bear  
5           interest at a rate that does not exceed a level that  
6           the Secretary determines appropriate, taking into  
7           account the prevailing rate of interest in the private  
8           sector for similar loans and risks.

9           “(6) TERM.—The term of an obligation shall  
10          require full repayment over a period not to exceed  
11          the lesser of—

12                 “(A) 30 years; or

13                 “(B) 90 percent of the projected useful life  
14          of the physical asset to be financed by the obli-  
15          gation (as determined by the Secretary).

16          “(7) DEFAULTS.—

17                 “(A) PAYMENT BY SECRETARY.—

18                         “(i) IN GENERAL.—If a borrower de-  
19                         faults on the obligation (as defined in reg-  
20                         ulations promulgated by the Secretary and  
21                         specified in the guarantee contract), the  
22                         holder of the guarantee shall have the  
23                         right to demand payment of the unpaid  
24                         amount from the Secretary.

1           “(ii) PAYMENT REQUIRED.—Within  
2 such period as may be specified in the  
3 guarantee or related agreements, the Sec-  
4 retary shall pay to the holder of the guar-  
5 antee the unpaid interest on, and unpaid  
6 principal of the obligation as to which the  
7 borrower has defaulted, unless the Sec-  
8 retary finds that—

9                   “(I) there was no default by the  
10 borrower in the payment of interest or  
11 principal; or

12                   “(II) the default has been rem-  
13 edied.

14           “(iii) FORBEARANCE.—Nothing in  
15 this subsection precludes any forbearance  
16 by the holder of the obligation for the ben-  
17 efit of the borrower that may be agreed  
18 upon by the parties to the obligation and  
19 approved by the Secretary.

20           “(B) SUBROGATION.—

21                   “(i) IN GENERAL.—If the Secretary  
22 makes a payment under subparagraph (A),  
23 the Secretary shall be subrogated to the  
24 rights of the recipient of the payment as  
25 specified in the guarantee or related agree-

1           ments including, where appropriate, the  
2           authority (notwithstanding any other pro-  
3           vision of law) to—

4                   “(I) complete, maintain, operate,  
5                   lease, or otherwise dispose of any  
6                   property acquired pursuant to the  
7                   guarantee or related agreements; or

8                   “(II) permit the borrower, pursu-  
9                   ant to an agreement with the Sec-  
10                  retary, to continue to pursue the pur-  
11                  poses of the eligible project, as the  
12                  Secretary determines to be in the pub-  
13                  lic interest.

14               “(ii) SUPERIORITY OF RIGHTS.—The  
15               rights of the Secretary, with respect to any  
16               property acquired pursuant to a guarantee  
17               or related agreement, shall be superior to  
18               the rights of any other person with respect  
19               to the property.

20               “(iii) TERMS AND CONDITIONS.—A  
21               guarantee agreement shall include such de-  
22               tailed terms and conditions as the Sec-  
23               retary determines appropriate to—

1                   “(I) protect the interests of the  
2                   United States in the case of default;  
3                   and

4                   “(II) have available all the pat-  
5                   ents and technology necessary for any  
6                   person selected, including the Sec-  
7                   retary, to complete and operate the el-  
8                   igible project.

9                   “(C) PAYMENT OF PRINCIPAL AND INTER-  
10                  EST BY SECRETARY.—With respect to any obli-  
11                  gation guaranteed under this section, the Sec-  
12                  retary may enter into a contract to pay, and  
13                  pay, holders of the obligation, for and on behalf  
14                  of the borrower, from funds appropriated for  
15                  that purpose, the principal and interest pay-  
16                  ments that become due and payable on the un-  
17                  paid balance of the obligation if the Secretary  
18                  finds that—

19                         “(i)(I) the borrower is unable to meet  
20                         the payments and is not in default;

21                         “(II) it is in the public interest to per-  
22                         mit the borrower to continue to pursue the  
23                         purposes of the eligible project; and

24                         “(III) the probable net benefit to the  
25                         Federal Government in paying the prin-

1           cipal and interest will be greater than the  
2           benefit that would result in the event of a  
3           default;

4           “(ii) the amount of the payment that  
5           the Secretary is authorized to pay will be  
6           no greater than the amount of principal  
7           and interest that the borrower is obligated  
8           to pay under the agreement being guaran-  
9           teed; and

10          “(iii) the borrower agrees to reim-  
11          burse the Secretary for the payment (in-  
12          cluding interest) on terms and conditions  
13          that are satisfactory to the Secretary.

14          “(D) ACTION BY ATTORNEY GENERAL.—

15          “(i) NOTIFICATION.—If the borrower  
16          defaults on an obligation, the Secretary  
17          shall notify the Attorney General of the de-  
18          fault.

19          “(ii) RECOVERY.—On receipt of noti-  
20          fication, the Attorney General shall take  
21          such action as the Attorney General deter-  
22          mines to be appropriate to recover the un-  
23          paid principal and interest due from—

1                   “(I) such assets of the defaulting  
2                   borrower as are associated with the  
3                   obligation; or

4                   “(II) any other security pledged  
5                   to secure the obligation.

6                   “(8) FEES.—

7                   “(A) IN GENERAL.—The Secretary shall  
8                   charge and collect fees for guarantees in  
9                   amounts the Secretary determines are sufficient  
10                  to cover applicable administrative expenses.

11                  “(B) AVAILABILITY.—Fees collected under  
12                  this paragraph shall—

13                         “(i) be deposited by the Secretary into  
14                         the Treasury; and

15                         “(ii) remain available until expended,  
16                         subject to such other conditions as are con-  
17                         tained in annual appropriations Acts.

18                  “(9) RECORDS; AUDITS.—

19                         “(A) IN GENERAL.—A recipient of a guar-  
20                         antee shall keep such records and other perti-  
21                         nent documents as the Secretary shall prescribe  
22                         by regulation, including such records as the  
23                         Secretary may require to facilitate an effective  
24                         audit.



1 1986 (relating to foreign tax credit, etc.) is amended by  
2 adding at the end the following new section:

3 **“SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES**  
4 **MANUFACTURING CREDIT.**

5 “(a) CREDIT ALLOWED.—There shall be allowed as  
6 a credit against the tax imposed by this chapter for the  
7 taxable year an amount equal to 35 percent of the quali-  
8 fied investment of an eligible taxpayer for such taxable  
9 year.

10 “(b) QUALIFIED INVESTMENT.—For purposes of this  
11 section—

12 “(1) IN GENERAL.—The term ‘qualified invest-  
13 ment’ means, with respect to any taxable year, the  
14 sum of—

15 “(A) the costs paid or incurred by the eli-  
16 gible taxpayer during such taxable year—

17 “(i) to re-equip, expand, or establish  
18 any manufacturing facility in the United  
19 States of the eligible taxpayer to produce  
20 advanced technology motor vehicles or to  
21 produce eligible components, and

22 “(ii) for qualified research (as defined  
23 in section 41(d)) related to advanced tech-  
24 nology motor vehicles and eligible compo-  
25 nents performed in the United States, and

1           “(B) qualified engineering integration  
2           costs performed in the United States.

3           “(2) CONTRIBUTION RULES.—For purposes of  
4           paragraph (1)(A)(i), in the case of a manufacturing  
5           facility of the eligible taxpayer which produces both  
6           advanced technology motor vehicles and other motor  
7           vehicles, or eligible components and other compo-  
8           nents, only the amount paid or incurred for the pro-  
9           duction of advanced technology motor vehicles and  
10          eligible components shall be taken into account.

11          “(c) ELIGIBLE TAXPAYER.—For purposes of this sec-  
12          tion—

13               “(1) IN GENERAL.—The term ‘eligible taxpayer’  
14               means—

15                   “(A) any motor vehicle manufacturer if  
16                   more than 50 percent of its gross receipts for  
17                   the taxable year is derived from the manufac-  
18                   ture of motor vehicles or any component parts  
19                   of such vehicles, and

20                   “(B) any motor vehicle component parts  
21                   manufacturer if more than 20 percent of its  
22                   gross receipts for the taxable year is derived  
23                   from the manufacture of any component parts  
24                   of motor vehicles.

1           “(2) MOTOR VEHICLE MANUFACTURER.—The  
2 term ‘motor vehicle manufacturer’ means any tax-  
3 payer who manufactures motor vehicles.

4           “(3) MOTOR VEHICLE COMPONENT PARTS MAN-  
5 UFACTURER.—The term ‘motor vehicle component  
6 parts manufacturer’ means any taxpayer who manu-  
7 factures motor vehicle component parts, but is not  
8 a motor vehicle manufacturer.

9           “(d) DEFINITIONS.—For purposes of this section—

10           “(1) ADVANCED TECHNOLOGY MOTOR VEHI-  
11 CLE.—The term ‘advanced technology motor vehicle’  
12 means—

13           “(A) any new qualified fuel cell motor vehi-  
14 cle (as defined in section 30B(b)(3));

15           “(B) any new advanced lean burn tech-  
16 nology motor vehicle (as defined in section  
17 30B(c)(3));

18           “(C) any new qualified hybrid motor vehi-  
19 cle (as defined in section 30B(d)(3)(A) and de-  
20 termined without regard to any gross vehicle  
21 weight rating);

22           “(D) any new qualified alternative motor  
23 fuel vehicle (as defined in section 30B(e)(4));

24           “(E) any plug-in hybrid electric vehicle;  
25 and

1           “(F) any electric vehicle.

2           “(2) ELIGIBLE COMPONENTS.—The term ‘eligi-  
3 ble component’ means any component inherent to  
4 any advanced technology motor vehicle but not in-  
5 herent to a motor vehicle which is not an advanced  
6 technology motor vehicle, including—

7           “(A) with respect to any gasoline or diesel-  
8 electric new qualified hybrid motor vehicle,  
9 any—

10                   “(i) electric motor or generator,

11                   “(ii) power split device,

12                   “(iii) power control unit,

13                   “(iv) power controls,

14                   “(v) integrated starter generator, or

15                   “(vi) battery,

16           “(B) with respect to any hydraulic new  
17 qualified hybrid motor vehicle, any—

18                   “(i) accumulator or other energy stor-  
19 age device,

20                   “(ii) hydraulic pump, or

21                   “(iii) hydraulic pump-motor assembly,

22                   “(iv) power control unit, or

23                   “(v) power controls,

24           “(C) with respect to any new advanced  
25 lean burn technology motor vehicle, any—

- 1 “(i) diesel engine,  
2 “(ii) turbocharger,  
3 “(iii) fuel injection system, or  
4 “(iv) after-treatment system, such as  
5 a particle filter or NOx absorber, and

6 “(D) with respect to any advanced tech-  
7 nology motor vehicle, any other component sub-  
8 mitted for approval by the Secretary.

9 “(3) MOTOR VEHICLE.—The term ‘motor vehi-  
10 cle’ has the meaning given such term by section  
11 30(c)(2).

12 “(4) PLUG-IN HYBRID ELECTRIC VEHICLE.—

13 “(A) IN GENERAL.—The term ‘plug-in hy-  
14 brid electric vehicle’ means a light-duty, me-  
15 dium-duty, or heavy-duty on-road or nonroad  
16 vehicle that is propelled by any combination  
17 of—

18 “(i) an electric motor and on-board,  
19 rechargeable energy storage system capable  
20 of operating the vehicle in intermittent or  
21 continuous all-electric mode and which is  
22 rechargeable using an off-board source of  
23 electricity, and

24 “(ii) an internal combustion engine or  
25 heat engine using any combustible fuel.

1           “(B) NONROAD VEHICLE.—The term  
2           ‘nonroad vehicle’ means a vehicle powered by a  
3           nonroad engine, as that term is defined in sec-  
4           tion 216 of the Clean Air Act (42 U.S.C.  
5           7550).

6           “(5) QUALIFIED ENGINEERING INTEGRATION  
7           COSTS.—For purposes of subsection (b)(1)(B), the  
8           term ‘qualified engineering integration costs’ means,  
9           with respect to any advanced technology motor vehi-  
10          cle, costs incurred prior to the market introduction  
11          of such motor vehicle for engineering tasks related  
12          to—

13                 “(A) establishing functional, structural,  
14                 and performance requirements for components  
15                 and subsystems to meet overall vehicle objec-  
16                 tives for a specific application,

17                 “(B) designing interfaces for components  
18                 and subsystems with mating systems within a  
19                 specific vehicle application,

20                 “(C) designing cost effective, efficient, and  
21                 reliable manufacturing processes to produce  
22                 components and subsystems for a specific vehi-  
23                 cle application, and

1           “(D) validating functionality and perform-  
2           ance of components and subsystems for a spe-  
3           cific vehicle application.

4           “(e) LIMITATION BASED ON AMOUNT OF TAX.—

5           “(1) IN GENERAL.—The credit allowed under  
6           subsection (a) for any taxable year shall not exceed  
7           the sum of—

8                   “(A) the taxpayer’s regular tax liability (as  
9                   defined in section 26(b)) for the taxable year,  
10                  plus

11                   “(B) the tax imposed under section 55 for  
12                  the taxable year.

13           “(2) CARRYOVER OF UNUSED CREDIT  
14           AMOUNTS.—

15           “(A) IN GENERAL.—If the credit allowable  
16           under subsection (a) for a taxable year exceeds  
17           the limitation under paragraph (1) for such tax-  
18           able year, such excess shall be allowed—

19                   “(i) as a credit carryback to each of  
20                   the 13 taxable years preceding such year,  
21                   and

22                   “(ii) as a credit carryforward to each  
23                   of the 20 taxable years following such year.

1           “(B) AMOUNT CARRIED TO EACH YEAR.—

2           For purposes of this paragraph, rules similar to  
3           the rules of section 39(a)(2) shall apply.

4           “(f) SPECIAL RULES.—

5           “(1) REDUCTION IN BASIS.—For purposes of  
6           this subtitle, if a credit is allowed under this section  
7           for any expenditure with respect to any property, the  
8           increase in the basis of such property which would  
9           (but for this paragraph) result from such expendi-  
10          ture shall be reduced by the amount of the credit so  
11          allowed.

12          “(2) INVESTMENTS AND PROPERTY OUTSIDE  
13          THE UNITED STATES.—No credit shall be allowed  
14          under subsection (a) with respect to—

15                 “(A) any manufacturing facility which is  
16                 located outside the United States, and

17                 “(B) any engineering integration or re-  
18                 search and development conducted outside the  
19                 United States.

20          “(3) AGGREGATION OF EXPENDITURES; ALLO-  
21          CATIONS.—For purposes of this section, rules simi-  
22          lar to the rules of paragraphs (1) and (2) of section  
23          41(f) shall apply.

24          “(4) RECAPTURE.—The Secretary shall, by reg-  
25          ulation, provide for recapturing the benefit of any

1 credit allowable under subsection (a) with respect to  
2 any manufacturing facility which ceases to produce  
3 advanced technology motor vehicles or eligible com-  
4 ponents.

5 “(5) PUBLIC STATEMENT.—

6 “(A) IN GENERAL.—No credit shall be al-  
7 lowed under subsection (a) for any taxable year  
8 unless the eligible taxpayer makes publicly  
9 available a statement describing the activities of  
10 the eligible taxpayer for which the credit is al-  
11 lowed and the public benefits of such activities,  
12 including the estimated amount of any reduc-  
13 tion in national oil consumption in future years  
14 as a result of such activities.

15 “(B) TIME FOR PUBLICATION.—The state-  
16 ment required under subparagraph (A) shall be  
17 made available not later than 90 days after the  
18 end of the taxable year for which the credit  
19 under subsection (a) is allowed and shall be in  
20 such form as the Secretary shall prescribe.

21 “(6) NO DOUBLE BENEFIT.—

22 “(A) COORDINATION WITH OTHER DEDUC-  
23 TIONS AND CREDITS.—Except as provided in  
24 subparagraph (B), the amount of any deduction  
25 or other credit allowable under this chapter for

1 any cost taken into account in determining the  
2 amount of the credit under subsection (a) shall  
3 be reduced by the amount of such credit attrib-  
4 utable to such cost.

5 “(B) RESEARCH AND DEVELOPMENT  
6 COSTS.—

7 “(i) IN GENERAL.—Except as pro-  
8 vided in clause (ii), any amount described  
9 in subsection (b)(1)(A)(ii) taken into ac-  
10 count in determining the amount of the  
11 credit under subsection (a) for any taxable  
12 year shall not be taken into account for  
13 purposes of determining the credit under  
14 section 41 for such taxable year.

15 “(ii) COSTS TAKEN INTO ACCOUNT IN  
16 DETERMINING BASE PERIOD RESEARCH  
17 EXPENSES.—Any amounts described in  
18 subsection (b)(1)(A)(ii) taken into account  
19 in determining the amount of the credit  
20 under subsection (a) for any taxable year  
21 which are qualified research expenses  
22 (within the meaning of section 41(b)) shall  
23 be taken into account in determining base  
24 period research expenses for purposes of

1                   applying section 41 to subsequent taxable  
2                   years.

3           “(g) ELECTION NOT TO TAKE CREDIT.—No credit  
4 shall be allowed under subsection (a) for any property if  
5 the taxpayer elects not to have this section apply to such  
6 property.

7           “(h) REGULATIONS.—The Secretary shall prescribe  
8 such regulations as necessary to carry out the provisions  
9 of this section.”.

10          (b) CONFORMING AMENDMENTS.—

11               (1) Section 1016(a) of the Internal Revenue  
12 Code of 1986, as amended by this Act, is amended  
13 by striking “and” at the end of paragraph (37), by  
14 striking the period at the end of paragraph (38) and  
15 inserting “, and”, and by adding at the end the fol-  
16 lowing new paragraph:

17                   “(39) to the extent provided in section  
18 30D(f)(1).”.

19               (2) Section 6501(m) of such Code is amended  
20 by inserting “30D(g),” after “30C(e)(5),”.

21               (3) The table of sections for subpart B of part  
22 IV of subchapter A of chapter 1 of such Code is  
23 amended by inserting after the item relating to sec-  
24 tion 30C the following new item:

“Sec. 30D. Advanced technology motor vehicles manufacturing credit.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to amounts incurred in taxable  
3 years beginning after December 31, 1993.

4 **SEC. 211. CONSUMER INCENTIVES TO PURCHASE AD-**  
5 **VANCED TECHNOLOGY VEHICLES.**

6 (a) ELIMINATION ON NUMBER OF NEW QUALIFIED  
7 HYBRID AND ADVANCED LEAN BURN TECHNOLOGY VE-  
8 HICLES ELIGIBLE FOR ALTERNATIVE MOTOR VEHICLE  
9 CREDIT.—

10 (1) IN GENERAL.—Section 30B of the Internal  
11 Revenue Code of 1986 is amended by striking sub-  
12 section (f) and by redesignating subsections (g)  
13 through (j) as subsections (f) through (i), respec-  
14 tively.

15 (2) CONFORMING AMENDMENTS.—

16 (A) Paragraphs (4) and (6) of section  
17 30B(h) of the Internal Revenue Code of 1986  
18 are each amended by striking “(determined  
19 without regard to subsection (g))” and inserting  
20 “determined without regard to subsection (f))”.

21 (B) Section 38(b)(25) of such Code is  
22 amended by striking “section 30B(g)(1)” and  
23 inserting “section 30B(f)(1)”.

1 (C) Section 55(c)(2) of such Code is  
2 amended by striking “section 30B(g)(2)” and  
3 inserting “section 30B(f)(2)”.

4 (D) Section 1016(a)(36) of such Code is  
5 amended by striking “section 30B(h)(4)” and  
6 inserting “section 30B(g)(4)”.

7 (E) Section 6501(m) of such Code is  
8 amended by striking “section 30B(h)(9)” and  
9 inserting “section 30B(g)(9)”.

10 (b) EXTENSION OF ALTERNATIVE VEHICLE CREDIT  
11 FOR NEW QUALIFIED HYBRID MOTOR VEHICLES.—Para-  
12 graph (3) of section 30B(i) of the Internal Revenue Code  
13 of 1986 (as redesignated by subsection (a)) is amended  
14 by striking “December 31, 2009” and inserting “Decem-  
15 ber 31, 2010”.

16 (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to property placed in service after  
18 December 31, 2006, in taxable years ending after such  
19 date.

20 **SEC. 212. CONSUMER INCENTIVES TO PURCHASE PLUG-IN**  
21 **HYBRID ELECTRIC VEHICLES.**

22 (a) NEW QUALIFIED HYBRID MOTOR VEHICLE IN-  
23 CLUDES PLUG-IN ELECTRIC VEHICLES.—

24 (1) IN GENERAL.—Section 30B(d)(3)(A) of the  
25 Internal Revenue Code of 1986 (defining new quali-

1       fied hybrid motor vehicle) is amended by striking  
 2       “and” at the end of clause (vi), by striking the pe-  
 3       riod at the end of clause (vii) and inserting “, and”,  
 4       and by inserting after clause (vii) the following new  
 5       clause:

6                       “(viii) which includes plug-in hybrid  
 7                       electric vehicles for purposes of paragraphs  
 8                       (2)(A) and (2)(B).”.

9               (2) DEFINITION.—Section 30B(d)(3) of such  
 10       Code is amended by adding at the end the following  
 11       new subparagraph:

12                       “(D) PLUG-IN HYBRID ELECTRIC VEHI-  
 13                       CLE.—

14                       “(i) IN GENERAL.—The term ‘plug-in  
 15                       hybrid electric vehicle’ means a light-duty,  
 16                       medium-duty, or heavy-duty on-road or  
 17                       nonroad vehicle that is propelled by any  
 18                       combination of—

19                       “(I) an electric motor and on-  
 20                       board, rechargeable energy storage  
 21                       system capable of operating the vehi-  
 22                       cle in intermittent or continuous all-  
 23                       electric mode and which is recharge-  
 24                       able using an off-board source of elec-  
 25                       tricity, and

1                   “(II) an internal combustion en-  
2                   gine or heat engine using any combus-  
3                   tible fuel.

4                   “(ii) NONROAD VEHICLE.—The term  
5                   ‘nonroad vehicle’ means a vehicle powered  
6                   by a nonroad engine, as that term is de-  
7                   fined in section 216 of the Clean Air Act  
8                   (42 U.S.C. 7550).”

9                   (b) CREDIT AMOUNT FOR PASSENGER AUTOMOBILES  
10                  AND LIGHT TRUCKS.—

11                  (1) IN GENERAL.—Section 30B(d)(2)(A) of the  
12                  Internal Revenue Code of 1986 is amended—

13                         (A) by striking “clauses (i) and (ii)” and  
14                         inserting “clauses (i), (ii), and (iii)”,

15                         (B) by inserting “, except that for pur-  
16                         poses of any plug-in hybrid electric vehicle, sub-  
17                         section (c)(2)(A)(ii) shall not include fuel econ-  
18                         omy increases resulting from off-board sources  
19                         of electricity” after “such subsection” in clause  
20                         (i), and

21                         (C) by adding at the end the following new  
22                         clause:

23                                 “(iii) INCREASE FOR BATTERY-POW-  
24                                 ERED RANGE FROM OFF-BOARD ELEC-  
25                                 TRICITY.—The amount determined under

1                   this clause in 2009 through 2015 as fol-  
2                   lows:

3                               “(I) \$800 if such vehicle uses a  
4                               4 kWh traction battery.

5                               “(II) \$1200 if such vehicle uses a  
6                               5 kWh traction battery.

7                               “(III) \$1600 if such vehicle uses  
8                               a 6 kWh traction battery.

9                               “(IV) \$2000 if such vehicle uses  
10                              a 7 kWh traction battery.

11                              “(V) \$2400 if such vehicle uses a  
12                              8 kwh traction battery.

13                              “(VI) \$2800 if such vehicle uses  
14                              a 9 kWh traction battery.

15                              “(VII) \$3000 if such vehicle uses  
16                              a 10 kWh traction battery.

17                              “(VIII) \$3200 if such vehicle  
18                              uses a 11 kWh traction battery.

19                              “(IX) \$3400 if such vehicle uses  
20                              a 12 kWh traction battery.

21                              “(X) \$3800 if such vehicle uses a  
22                              13 kWh traction battery.

23                              “(XI) \$4000 if such vehicle uses  
24                              a 14 kWh traction battery.

1                   “(XII) \$4200 if such vehicle uses  
2                   a 15 kWh traction battery.”.

3           (2) DEFINITION.—Section 30B(d)(3) of such  
4           Code, as amended by subsection (a)(2), is amended  
5           by adding at the end the following new subpara-  
6           graph:

7                   “(E) KWH TRACTION BATTERY.—For pur-  
8                   poses of paragraph (2)(A)(iii), the term ‘kWh  
9                   traction battery’ means the size of an electro-  
10                  chemical storage device as measured by from  
11                  100 percent state of charge to 0 percent state  
12                  of charge.”.

13          (c) CREDIT AMOUNT FOR OTHER MOTOR VEHI-  
14          CLES.—

15           (1) IN GENERAL.—Section 30B(d)(2)(B)(ii) of  
16           the Internal Revenue Code of 1986 is amended by  
17           striking “and” at the end of subclause (II), by strik-  
18           ing the period at the end of subclause (III) and in-  
19           serting “, and”, and by adding at the end the fol-  
20           lowing new subclause:

21                   “(IV) 40 percent for a plug-in  
22                   hybrid electric vehicle that can use  
23                   off-board electricity to recharge an en-  
24                   ergy storage device capable of at least  
25                   10 miles of all electric range and a

1 percentage greater than 40 percent if  
2 the all electric range is greater than  
3 10 miles, as determined by the Ad-  
4 ministrator of the Environmental Pro-  
5 tection Agency.”.

6 (2) DEFINITION.—Section 30B(d)(3) of such  
7 Code, as amended by subsection (b)(2), is amended  
8 by adding at the end the following new subpara-  
9 graph:

10 “(F) ALL ELECTRIC RANGE.—For pur-  
11 poses of paragraph (2)(B)—

12 “(i) IN GENERAL.—The term ‘all elec-  
13 tric range’ means miles traveled in a hy-  
14 brid electric vehicle capable of using an  
15 off-board source of electricity and tested  
16 using the Environmental Protection Agen-  
17 cy’s Federal Urban Driving Schedule or a  
18 new driving schedule for plug-in hybrid  
19 electric vehicles.

20 “(ii) DRIVING SCHEDULE FOR PLUG-  
21 IN HYBRID ELECTRIC VEHICLES.—

22 “(I) ESTABLISHMENT.—Not  
23 later than 18 months after the date of  
24 enactment of this subparagraph, the  
25 Administrator of the Environmental

1 Protection Agency shall develop a  
2 driving schedule for plug-in hybrid  
3 electric vehicles based on a test that  
4 shall start with a full battery and end  
5 when the battery reaches 20 percent  
6 state of charge after intermittent use  
7 of the battery and electric motor for  
8 vehicle propulsion at speeds no great-  
9 er than 35 miles per hour, and which  
10 does not count vehicle miles traveled  
11 while the engine is operating.

12 “(II) BONUS CREDITS.—Vehicles  
13 that can travel in all electric mode  
14 during a separate test of higher speed  
15 operation shall be entitled to bonus all  
16 electric range miles for purposes of  
17 the credit provided in this section on  
18 a schedule to be established by rule by  
19 the Administrator.”.

20 (d) DURATION OF TAX CREDIT.—Section 30B(i)(3)  
21 of the Internal Revenue Code of 1986, as redesignated and  
22 amended by this Act, is amended by inserting “(December  
23 31, 2015, in the case of a new qualified hybrid motor vehi-  
24 cle which is a plug-in hybrid electric vehicle)” after “De-  
25 cember 31, 2010”.

1 (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to property placed in service after  
3 December 31, 2008.

4 **SEC. 213. FEDERAL FLEET REQUIREMENTS.**

5 (a) REGULATIONS.—

6 (1) IN GENERAL.—The Secretary of Energy  
7 shall issue regulations for Federal fleets subject to  
8 the Energy Policy Act of 1992 (42 U.S.C. 13201 et  
9 seq.) requiring that not later than fiscal year 2016  
10 each Federal agency achieve at least a 30 percent  
11 reduction in petroleum consumption, as calculated  
12 from the baseline established by the Secretary for  
13 fiscal year 2005.

14 (2) REQUIREMENT.—Not later than fiscal year  
15 2016, of the Federal vehicles required to be alter-  
16 native fueled vehicles under title V of the Energy  
17 Policy Act of 1992 (42 U.S.C. 13251 et seq.), at  
18 least 30 percent shall be hybrid motor vehicles (in-  
19 cluding plug-in hybrid motor vehicles) or new ad-  
20 vanced lean burn technology motor vehicles (as de-  
21 fined in section 30B(c)(3) of the Internal Revenue  
22 Code of 1986).

23 (b) INCLUSION OF ELECTRIC DRIVE IN ENERGY  
24 POLICY ACT OF 1992.—Section 508(a) of the Energy Pol-  
25 icy Act of 1992 (42 U.S.C. 13258(a)) is amended—

1           (1) by striking “The Secretary” and inserting  
2 the following:

3           “(1) ALLOCATION.—The Secretary”; and

4           (2) by adding at the end the following:

5           “(2) ELECTRIC VEHICLES.—Not later than  
6 January 31, 2009, the Secretary shall—

7           “(A) allocate credit in an amount to be de-  
8 termined by the Secretary for—

9           “(i) acquisition of—

10           “(I) a light-duty hybrid electric  
11 vehicle;

12           “(II) a plug-in hybrid electric ve-  
13 hicle;

14           “(III) a fuel cell electric vehicle;

15           “(IV) a medium- or heavy-duty  
16 hybrid electric vehicle;

17           “(V) a neighborhood electric ve-  
18 hicle; or

19           “(VI) a medium- or heavy-duty  
20 dedicated vehicle; and

21           “(ii) investment in qualified alter-  
22 native fuel infrastructure or nonroad  
23 equipment, as determined by the Sec-  
24 retary; and

1           “(B) allocate more than 1, but not to ex-  
 2           ceed 5, credits for investment in an emerging  
 3           technology relating to any vehicle described in  
 4           subparagraph (A) to encourage—

5                     “(i) a reduction in petroleum demand;

6                     “(ii) technological advancement; and

7                     “(iii) environmental safety.”.

8           (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
 9           authorized to be appropriated to carry out this section (in-  
 10          cluding the amendments made by subsection (b))  
 11          \$10,000,000 for the period of fiscal years 2008 through  
 12          2013.

13          **SEC. 214. FEDERAL AGENCY ETHANOL-BLENDED GASOLINE**  
 14                                 **AND BIODIESEL PURCHASING REQUIRE-**  
 15                                 **MENT.**

16          Section 306 of the Energy Policy Act of 1992 (42  
 17          U.S.C. 13215) is amended to read as follows:

18          **“SEC. 306. FEDERAL AGENCY ETHANOL-BLENDED GASO-**  
 19                                 **LINE AND BIODIESEL PURCHASING REQUIRE-**  
 20                                 **MENT.**

21          “(a) ETHANOL-BLENDED GASOLINE.—The head of  
 22          each Federal agency shall ensure that, in areas in which  
 23          ethanol-blended gasoline is reasonably available at a gen-  
 24          erally competitive price, the Federal agency purchases eth-  
 25          anol-blended gasoline containing at least 10 percent eth-

1 anol, rather than gasoline that is not ethanol-blended, for  
2 use in vehicles used by the agency that use gasoline.

3 “(b) BIODIESEL.—

4 “(1) DEFINITION OF BIODIESEL.—In this sub-  
5 section, the term ‘biodiesel’ has the meaning given  
6 the term in section 312(f).

7 “(2) REQUIREMENT.—The head of each Fed-  
8 eral agency shall ensure that the Federal agency  
9 purchases, for use in fueling fleet vehicles that use  
10 diesel fuel used by the Federal agency at the loca-  
11 tion at which fleet vehicles of the Federal agency are  
12 centrally fueled, in areas in which the biodiesel-  
13 blended diesel fuel described in subparagraphs (A)  
14 and (B) is available at a generally competitive  
15 price—

16 “(A) as of the date that is 5 years after  
17 the date of enactment of this paragraph, bio-  
18 diesel-blended diesel fuel that contains at least  
19 20 percent biodiesel, rather than diesel fuel that  
20 is not biodiesel-blended; and

21 “(B) as of the date that is 10 years after  
22 the date of enactment of this paragraph, bio-  
23 diesel-blended diesel fuel that contains at least  
24 80 percent biodiesel, rather than diesel fuel that  
25 is not biodiesel-blended.



1 chasers of the fuel, as certified to the  
2 Secretary by the head of the agency;  
3 or

4 “(II) the cost of the alternative  
5 fuel otherwise required to be used in  
6 the vehicle is unreasonably more ex-  
7 pensive compared to gasoline, as cer-  
8 tified to the Secretary by the head of  
9 the agency.

10 “(ii) COMPLIANCE.—The Secretary  
11 shall monitor compliance with this sub-  
12 paragraph by all agency fleets and shall  
13 submit annually to Congress a report  
14 that—

15 “(I) describes the extent to which  
16 the requirements of this subparagraph  
17 are being achieved; and

18 “(II) includes information on an-  
19 nual reductions achieved from the use  
20 of petroleum-based fuels and the prob-  
21 lems, if any, encountered in acquiring  
22 alternative fuels.”.

23 (b) ALTERNATIVE COMPLIANCE AND FLEXIBILITY.—  
24 Section 514 of the Energy Policy Act of 1992 (42 U.S.C.  
25 13263a) is amended to read as follows:

1 **“SEC. 514. ALTERNATIVE COMPLIANCE.**

2       “(a) APPLICATION FOR WAIVER.—Any head of a  
3 Federal agency described in section 303(b)(3), any cov-  
4 ered person subject to section 501, and any State subject  
5 to section 507(o) may petition the Secretary for a waiver  
6 of the applicable requirements of section 303, 501, or  
7 507(o).

8       “(b) GRANT OF WAIVER.—The Secretary may grant  
9 a waiver of the requirements of section 303, 501, or  
10 507(o) upon a showing that the fleet owned, operated,  
11 leased, or otherwise controlled by the Federal agency,  
12 State, or covered person—

13               “(1) will achieve a reduction in its annual con-  
14 sumption of petroleum fuels equal to—

15                       “(A) the reduction in consumption of pe-  
16 troleum that would result from 100 percent  
17 compliance with fuel use requirements in sec-  
18 tion 303 or 501, as appropriate; or

19                       “(B) for entities covered under section  
20 507(o), a reduction equal to the covered entity’s  
21 consumption of alternative fuels if all its alter-  
22 native fuel vehicles given credit under section  
23 508 were to use alternative fuel 100 percent of  
24 the time; and



1 by or for the Executive agency, after September 30,  
2 2005.

3 “(b) BASELINE AVERAGE FUEL ECONOMY.—In ac-  
4 cordance with guidance issued under subsection (e), the  
5 head of each Executive agency shall calculate the average  
6 fuel economy for all automobiles in the Executive agency’s  
7 fleet of automobiles that were leased or purchased during  
8 fiscal year 2005, which calculation shall serve as the base-  
9 line average fuel economy for the Executive agency’s fleet  
10 of automobiles.

11 “(c) INCREASE OF AVERAGE FUEL ECONOMY.—The  
12 head of each Executive agency shall manage the procure-  
13 ment of automobiles for that Executive agency so that by  
14 not later than September 30, 2008, the average fuel econ-  
15 omy of the new automobiles in the Executive agency’s fleet  
16 of automobiles is not less than 3 miles per gallon higher  
17 than the baseline average fuel economy determined under  
18 subsection (b) for that Executive agency.

19 “(d) FUEL EFFICIENCY.—The head of an Executive  
20 agency shall ensure that each new automobile procured by  
21 the Executive agency is as fuel efficient as practicable.

22 “(e) CALCULATION OF AVERAGE FUEL ECONOMY.—  
23 The Secretary of Transportation shall issue regulations to  
24 carry out this section, including regulations regarding the  
25 calculation of average fuel economy.”.

1 (b) CONFORMING AMENDMENT.—Section  
 2 32901(a)(3) of title 49, United States Code, is amended  
 3 by striking “section 32908 of this title,” and inserting  
 4 “sections 32908 and 32917,”.

5 **SEC. 217. TAX INCENTIVES FOR PRIVATE FLEETS.**

6 (a) IN GENERAL.—Subpart E of part IV of sub-  
 7 chapter A of chapter 1 of the Internal Revenue Code of  
 8 1986 is amended by inserting after section 48B the fol-  
 9 lowing new section:

10 **“SEC. 48C. FUEL-EFFICIENT FLEET CREDIT.**

11 “(a) GENERAL RULE.—For purposes of section 46,  
 12 the fuel-efficient fleet credit for any taxable year is 15 per-  
 13 cent of the qualified fuel-efficient vehicle investment  
 14 amount of an eligible taxpayer for such taxable year.

15 “(b) VEHICLE PURCHASE REQUIREMENT.—In the  
 16 case of any eligible taxpayer which places less than 10  
 17 qualified fuel-efficient vehicles in service during the tax-  
 18 able year, the qualified fuel-efficient vehicle investment  
 19 amount shall be zero.

20 “(c) QUALIFIED FUEL-EFFICIENT VEHICLE INVEST-  
 21 MENT AMOUNT.—For purposes of this section—

22 “(1) IN GENERAL.—The term ‘qualified fuel-ef-  
 23 ficient vehicle investment amount’ means the basis  
 24 of any qualified fuel-efficient vehicle placed in serv-  
 25 ice by an eligible taxpayer during the taxable year.

1           “(2) QUALIFIED FUEL-EFFICIENT VEHICLE.—  
 2           The term ‘qualified fuel-efficient vehicle’ means an  
 3           automobile which has a fuel economy which is at  
 4           least 125 percent greater than the average fuel econ-  
 5           omy standard for an automobile of the same class  
 6           and model year.

7           “(3) OTHER TERMS.—The terms ‘automobile’,  
 8           ‘average fuel economy standard’, ‘fuel economy’, and  
 9           ‘model year’ have the meanings given to such terms  
 10          under section 32901 of title 49, United States Code.

11          “(d) ELIGIBLE TAXPAYER.—The term ‘eligible tax-  
 12          payer’ means, with respect to any taxable year, a taxpayer  
 13          who owns a fleet of 100 or more vehicles which are used  
 14          in the trade or business of the taxpayer on the first day  
 15          of such taxable year.

16          “(e) TERMINATION.—This section shall not apply to  
 17          any vehicle placed in service after December 31, 2010.”.

18          (b) CREDIT TREATED AS PART OF INVESTMENT  
 19          CREDIT.—Section 46 of the Internal Revenue Code of  
 20          1986 is amended by striking “and” at the end of para-  
 21          graph (3), by striking the period at the end of paragraph  
 22          (4) and inserting “, and”, and by adding at the end the  
 23          following new paragraph:

24                  “(5) the fuel-efficient fleet credit.”.

25          (c) CONFORMING AMENDMENTS.—

1           (1) Section 49(a)(1)(C) of the Internal Revenue  
 2           Code of 1986 is amended by striking “and” at the  
 3           end of clause (iii), by striking the period at the end  
 4           of clause (iv) and inserting “, and”, and by adding  
 5           at the end the following new clause:

6                           “(v) the basis of any qualified fuel-ef-  
 7                           ficient vehicle which is taken into account  
 8                           under section 48C.”.

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

“Sec. 48C. Fuel-efficient fleet credit.”.

13           (d) **EFFECTIVE DATE.**—The amendments made by  
 14           this section shall apply to periods after December 31,  
 15           2006, in taxable years ending after such date, under rules  
 16           similar to the rules of section 48(m) of the Internal Rev-  
 17           enue Code of 1986 (as in effect on the day before the date  
 18           of the enactment of the Revenue Reconciliation Act of  
 19           1990).

20           **SEC. 218. REDUCING INCENTIVES TO GUZZLE GAS.**

21           (a) **INCLUSION OF HEAVY VEHICLES IN LIMITATION**  
 22           **ON DEPRECIATION OF CERTAIN LUXURY AUTO-**  
 23           **MOBILES.**—

1           (1) IN GENERAL.—Section 280F(d)(5)(A) of  
2 the Internal Revenue Code of 1986 (defining pas-  
3 senger automobile) is amended—

4           (A) by striking clause (ii) and inserting the  
5 following new clause:

6           “(ii)(I) which is rated at 6,000  
7 pounds unloaded gross vehicle weight or  
8 less, or

9           “(II) which is rated at more than  
10 6,000 pounds but not more than 14,000  
11 pounds gross vehicle weight.”,

12          (B) by striking “clause (ii)” in the second  
13 sentence and inserting “clause (ii)(I)”.

14          (2) EXCEPTION FOR VEHICLES USED IN FARM-  
15 ING BUSINESS.—Section 280F(d)(5)(B) of such  
16 Code (relating to exception for certain vehicles) is  
17 amended by striking “and” at the end of clause (ii),  
18 by redesignating clause (iii) as clause (iv), and by in-  
19 serting after clause (ii) the following new clause:

20           “(iii) any vehicle used in a farming  
21 business (as defined in section 263A(e)(4),  
22 and”.

23          (3) EFFECTIVE DATE.—The amendments made  
24 by this subsection shall apply to property placed in  
25 service after the date of the enactment of this Act.

1 (b) UPDATED DEPRECIATION DEDUCTION LIMITS.—

2 (1) IN GENERAL.—Subparagraph (A) of section  
3 280F(a)(1) of the Internal Revenue Code of 1986  
4 (relating to limitation on amount of depreciation for  
5 luxury automobiles) is amended to read as follows:

6 “(I) LIMITATION.—The amount of the de-  
7 preciation deduction for any taxable year shall  
8 not exceed for any passenger automobile—

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

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

13 “(II) described in the second sen-  
14 tence of subsection (d)(5)(A), \$5,000,  
15 and

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

18 “(ii) for the 2nd taxable year in the  
19 recovery period—

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

22 “(II) described in the second sen-  
23 tence of subsection (d)(5)(A), \$8,000,  
24 and

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

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

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

7 “(II) described in the second sen-  
8 tence of subsection (d)(5)(A), \$4,800,  
9 and

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

12 “(iv) for each succeeding taxable year  
13 in the recovery period—

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

16 “(II) described in the second sen-  
17 tence of subsection (d)(5)(A), \$2,900,  
18 and

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

21 (2) YEARS AFTER RECOVERY PERIOD.—Section  
22 280F(a)(1)(B)(ii) of such Code is amended to read  
23 as follows:

24 “(ii) LIMITATION.—The amount treat-  
25 ed as an expense under clause (i) for any

1 taxable year shall not exceed for any pas-  
 2 senger automobile—

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

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

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

10 (3) INFLATION ADJUSTMENT.—Section  
 11 280F(d)(7) of such Code (relating to automobile  
 12 price inflation adjustment) is amended—

13 (A) by striking “after 1988” in subpara-  
 14 graph (A) and inserting “after 2007”, and

15 (B) by striking subparagraph (B) and in-  
 16 serting the following new subparagraph:

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

19 “(i) IN GENERAL.—The automobile  
 20 price inflation adjustment for any calendar  
 21 year is the percentage (if any) by which—

22 “(I) the average wage index for  
 23 the preceding calendar year, exceeds

24 “(II) the average wage index for  
 25 2006.

1                   “(ii) AVERAGE WAGE INDEX.—The  
2                   term ‘average wage index’ means the aver-  
3                   age wage index published by the Social Se-  
4                   curity Administration.”.

5                   (4) EFFECTIVE DATE.—The amendments made  
6                   by this subsection shall apply to property placed in  
7                   service after the date of the enactment of this Act.

8                   (c) EXPENSING LIMITATION FOR FARM VEHICLES.—

9                   (1) IN GENERAL.—Paragraph (6) of section  
10                  179(b) of the Internal Revenue Code of 1986 (relat-  
11                  ing to limitations) is amended to read as follows:

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

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

20 **SEC. 219. INCREASING THE EFFICIENCY OF MOTOR VEHI-**  
21 **CLES.**

22                  (a) DEFINITIONS.—In this section:

23                  (1) ALTERNATIVE FUEL.—The term “alter-  
24                  native fuel” has the meaning given the term in sec-  
25                  tion 32901(a) of title 49, United States Code.

1           (2) E85.—The term “E85” means a fuel blend  
2           containing 85 percent ethanol and 15 percent gaso-  
3           line or diesel by volume.

4           (3) FLEXIBLE FUEL MOTOR VEHICLE.—The  
5           term “flexible fuel motor vehicle” means a light duty  
6           motor vehicle warrantied by the manufacturer of the  
7           vehicle to operate on any combination of gasoline,  
8           E85, and M85.

9           (4) HYBRID MOTOR VEHICLE.—The term “hy-  
10          brid motor vehicle” means a new qualified hybrid  
11          motor vehicle (as defined in section 30B(d)(3) of the  
12          Internal Revenue Code of 1986) that achieves at  
13          least 125 percent of the model year 2002 city fuel  
14          economy.

15          (5) LIGHT-DUTY MOTOR VEHICLE.—The term  
16          “light-duty motor vehicle” means, as defined in reg-  
17          ulations promulgated by the Administrator of the  
18          Environmental Protection Agency that are in effect  
19          on the date of the enactment of this Act—

20                   (A) a light-duty truck; or

21                   (B) a light-duty vehicle.

22          (6) M85.—The term “M85” means a fuel blend  
23          containing 85 percent methanol and 15 percent gas-  
24          oline or diesel by volume.

1           (7) PLUG-IN HYBRID MOTOR VEHICLE.—The  
2 term “plug-in hybrid motor vehicle” means a hybrid  
3 motor vehicle that—

4           (A) has an onboard, rechargeable storage  
5 device capable of propelling the vehicle solely by  
6 electricity for at least 10 miles; and

7           (B) achieves at least 125 percent of the  
8 model year 2002 city fuel economy.

9           (8) QUALIFIED MOTOR VEHICLE.—The term  
10 “qualified motor vehicle” means—

11           (A) a new advanced lean burn technology  
12 motor vehicle (as defined in section 30B(c)(3)  
13 of the Internal Revenue Code of 1986) that  
14 achieves at least 125 percent of the model year  
15 2002 city fuel economy;

16           (B) an alternative fueled automobile (as  
17 defined in section 32901(a) of title 49, United  
18 States Code);

19           (C) a flexible fuel motor vehicle;

20           (D) a new qualified fuel cell motor vehicle  
21 (as defined in section 30B(b)(3) of the Internal  
22 Revenue Code of 1986);

23           (E) a hybrid motor vehicle;

24           (F) a plug-in hybrid motor vehicle;

25           (G) an electric motor vehicle; and

1 (H) any other appropriate motor vehicle  
2 that uses substantially new technology and  
3 achieve at least 175 percent of the model year  
4 2002 city fuel economy, as determined by the  
5 Secretary of Transportation, by regulation.

6 (b) REQUIREMENTS.—

7 (1) IN GENERAL.—Not less than 50 percent of  
8 light-duty motor vehicles manufactured for model  
9 year 2012 and each model year thereafter and sold  
10 in the United States shall be qualified motor vehi-  
11 cles.

12 (2) NEW TECHNOLOGY.—Not less than 10 per-  
13 cent of the qualified motor vehicles manufactured for  
14 model year 2017 and each model year thereafter and  
15 sold in the United States shall be—

16 (A) hybrid motor vehicles;

17 (B) plug-in hybrid motor vehicles;

18 (C) new advanced lean burn technology  
19 motor vehicles (as defined in section 30B(e)(3)  
20 of the Internal Revenue Code of 1986);

21 (D) new qualified fuel cell motor vehicles  
22 (as defined in section 30B(b)(3) of the Internal  
23 Revenue Code of 1986);

24 (E) electric motor vehicles; or

1 (F) any other appropriate motor vehicle  
 2 that uses substantially new technology and  
 3 achieve at least 175 percent of the model year  
 4 2002 city fuel economy, as determined by the  
 5 Secretary of Transportation, by regulation.

6 (c) RULEMAKING.—Not later than 1 year after the  
 7 date of enactment of this Act, the Secretary of Transpor-  
 8 tation shall promulgate regulations to carry out this sec-  
 9 tion.

10 **TITLE III—FUEL CHOICES FOR**  
 11 **THE 21ST CENTURY**

12 **SEC. 301. INCREASE IN ALTERNATIVE FUEL VEHICLE RE-**  
 13 **FUELING PROPERTY CREDIT.**

14 (a) IN GENERAL.—Subsection (a) of section 30C of  
 15 the Internal Revenue Code of 1986 is amended by striking  
 16 “30 percent” and inserting “50 percent”.

17 (b) EFFECTIVE DATE.—The amendment made by  
 18 this section shall apply to property placed in service after  
 19 December 31, 2006, in taxable years ending after such  
 20 date.

21 **SEC. 302. EXTENSION OF BIODIESEL INCOME AND EXCISE**  
 22 **TAX CREDITS.**

23 (a) IN GENERAL.—Sections 40A(g), 6426(e)(6), and  
 24 6427(e)(5)(B) of the Internal Revenue Code of 1986 are

1 each amended by striking “December 31, 2008” and in-  
 2 serting “December 31, 2014”.

3 (b) EFFECTIVE DATE.—The amendments made by  
 4 this section shall take effect on January 1, 2009.

5 **SEC. 303. SMALL ETHANOL PRODUCER CREDIT EXPANDED**  
 6 **FOR PRODUCERS OF SUCROSE AND CEL-**  
 7 **LULOSIC ETHANOL.**

8 (a) IN GENERAL.—Subparagraph (C) of section  
 9 40(b)(4) of the Internal Revenue Code of 1986 (relating  
 10 to small ethanol producer credit) is amended by inserting  
 11 “(30,000,000 gallons for any sucrose or cellulosic ethanol  
 12 producer)” after “15,000,000 gallons”.

13 (b) SUCROSE OR CELLULOSIC ETHANOL PRO-  
 14 DUCER.—Section 40(b)(4) of the Internal Revenue Code  
 15 of 1986 is amended by adding at the end the following  
 16 new subparagraph:

17 “(E) SUCROSE OR CELLULOSIC ETHANOL  
 18 PRODUCER.—

19 “(i) IN GENERAL.—For purposes of  
 20 this paragraph, the term ‘sucrose or cel-  
 21 lulosic ethanol producer’ means a producer  
 22 of ethanol using sucrose feedstock or a  
 23 producer of cellulosic biomass ethanol (as  
 24 defined in section 168(l)(3)).

1                   “(ii) SUCROSE FEEDSTOCK.—For pur-  
 2                   poses of clause (i), the term ‘sucrose feed-  
 3                   stock’ means any raw sugar, refined sugar,  
 4                   or sugar equivalents (including juice and  
 5                   extract). Such term does not include any  
 6                   molasses, beet thick juice, or other similar  
 7                   products as determined by the Secretary.”.

8                   (c) CONFORMING AMENDMENTS.—

9                   (1) Section 40(g)(2) of the Internal Revenue  
 10                  Code of 1986 is amended by striking “15,000,000  
 11                  gallon limitation” and inserting “15,000,000 and  
 12                  30,000,000 gallon limitations”.

13                  (2) Section 40(g)(5)(B) of such Code is amend-  
 14                  ed by striking “15,000,000 gallons” and inserting  
 15                  “the gallon limitation under subsection (b)(4)(C)”.

16                  (d) EFFECTIVE DATE.—The amendments made by  
 17                  this section shall apply to taxable years beginning after  
 18                  the date of the enactment of this Act.

19                  **SEC. 304. USE OF CAFE PENALTIES TO BUILD ALTERNATIVE**  
 20                  **FUELING INFRASTRUCTURE.**

21                  Section 32912 of title 49, United States Code, is  
 22                  amended by adding at the end the following:

23                  “(e) ALTERNATIVE FUELING INFRASTRUCTURE  
 24                  GRANT PROGRAM.—

25                  “(1) TRUST FUND.—

1           “(A) ESTABLISHMENT.—There is estab-  
2           lished in the Treasury of the United States a  
3           trust fund, to be known as the ‘Alternative  
4           Fueling Infrastructure Trust Fund’ (referred to  
5           in this subsection as the ‘Trust Fund’), con-  
6           sisting of such amounts as are deposited into  
7           the Trust Fund under subparagraph (B) and  
8           any interest earned on investment of amounts  
9           in the Trust Fund.

10           “(B) TRANSFERS OF CIVIL PENALTIES.—  
11           The Secretary of Transportation shall remit 90  
12           percent of the amount collected in civil penalties  
13           under this section to the Trust Fund.

14           “(2) ESTABLISHMENT OF GRANT PROGRAM.—

15           “(A) GRANTS AUTHORIZED.—The Sec-  
16           retary of Energy may award grants to the enti-  
17           ties described in paragraph (3) for the purpose  
18           of increasing the number of locations at which  
19           consumers may purchase alternative fuels.

20           “(B) OBLIGATION OF FUNDS.—The Sec-  
21           retary of Energy shall obligate such sums as  
22           are available in the Trust Fund for grants  
23           under this subsection.

24           “(3) GRANT RECIPIENTS.—

1           “(A) IN GENERAL.—Grants awarded pur-  
2           suant to paragraph (2)(A) may be awarded  
3           to—

4                   “(i) owners of individual fueling sta-  
5                   tions in an amount not greater than  
6                   \$150,000 per site or \$500,000 per entity;  
7                   and

8                   “(ii) corporations (including nonprofit  
9                   corporations) with demonstrated experience  
10                  in alternative fueling infrastructure.

11           “(B) PRIORITY.—In awarding grants  
12           under this paragraph, the Secretary of Energy  
13           shall—

14                   “(i) give priority to recognized non-  
15                   profit corporations that have proven expe-  
16                   rience in the administration of grant fund-  
17                   ing and demonstrated technical expertise  
18                   in the establishment of alternative fueling  
19                   infrastructure;

20                   “(ii) consider the number of vehicles  
21                   produced for sale in the preceding produc-  
22                   tion year capable of using each type of al-  
23                   ternative fuel; and

24                   “(iii) identify 1 primary group for  
25                   each type of alternative fuel.

1 “(4) USE OF FUNDS.—

2 “(A) IN GENERAL.—Grants awarded under  
3 paragraph (2)(A) may be used to—

4 “(i) construct new facilities to dis-  
5 pense alternative fuels;

6 “(ii) purchase equipment to upgrade,  
7 expand, or otherwise improve existing al-  
8 ternative fuel facilities; or

9 “(iii) purchase equipment or pay for  
10 specific turnkey fueling services by alter-  
11 native fuel providers.

12 “(B) MATCHING REQUIREMENT.—The  
13 Secretary of Energy may not award a grant  
14 under paragraph (2)(A) unless the grant recipi-  
15 ent agrees to provide \$1 of non-Federal con-  
16 tributions for every \$3 of grant funds received  
17 under this subsection.

18 “(C) ADMINISTRATIVE EXPENSES.—A re-  
19 cipient of a grant under paragraph (2)(A) may  
20 not use more than 10 percent of any such grant  
21 for administrative expenses.

22 “(5) SELECTION OF ALTERNATIVE FUEL STA-  
23 TIONS.—Each grant recipient shall select the loca-  
24 tion for each alternative fuel station to be con-  
25 structed with grant funds received under paragraph

1 (2)(A) on a formal, open, and competitive basis,  
2 based on—

3 “(A) the public demand for each alter-  
4 native fuel in a particular county based on state  
5 registration records showing the number of ve-  
6 hicles that can be operated with alternative fuel;  
7 and

8 “(B) the opportunity to create or expand  
9 corridors of alternative fuel stations along inter-  
10 state or State highways; and

11 “(C) maximizing the geographic dispersion  
12 of alternative fuel stations.

13 “(6) OPERATION OF ALTERNATIVE FUEL STA-  
14 TIONS.—A facility constructed or upgraded with  
15 grant funds received under paragraph (2)(A) shall—

16 “(A) provide alternative fuel available to  
17 the public for a period of not less than 4 years;

18 “(B) establish a marketing plan to advance  
19 the sale and use of alternative fuels;

20 “(C) prominently display the price of alter-  
21 native fuel on the marquee and in the station;

22 “(D) provide point of sale materials on al-  
23 ternative fuel;

24 “(E) clearly label the dispenser with con-  
25 sistent materials;

1           “(F) price the alternative fuel at the same  
2 margin that is received for unleaded gasoline;  
3 and

4           “(G) support and use all available tax in-  
5 centives to reduce the cost of the alternative  
6 fuel to the lowest possible retail price.

7           “(7) NOTIFICATION REQUIREMENTS.—

8           “(A) OPENING.—Not later than the date  
9 on which each alternative fuel station begins to  
10 offer alternative fuel to the public, the grant re-  
11 cipient that used grant funds to construct such  
12 station shall notify the Secretary of Energy of  
13 such opening and the Secretary shall add the  
14 new alternative fuel station to the alternative  
15 fuel station locator on its website.

16           “(B) SEMI-ANNUAL REPORT.—Not later  
17 than 6 months after receiving a grant under  
18 this subsection, and every 6 months thereafter,  
19 each grant recipient shall submit a report to the  
20 Secretary of Energy that describes—

21           “(i) the status of each alternative fuel  
22 station constructed with grant funds re-  
23 ceived under this subsection;

1           “(ii) the amount of alternative fuel  
2           dispensed at each station during the pre-  
3           ceding 6-month period; and

4           “(iii) the average price per gallon of  
5           the alternative fuel sold at each station  
6           during the preceding 6-month period.

7           “(8) ALTERNATIVE FUEL DEFINED.—In this  
8           subsection, the term ‘alternative fuel’ means—

9           “(A) any fuel of which—

10           “(i) not less than 85 percent of the  
11           volume consists of ethanol, natural gas,  
12           compressed natural gas, liquefied natural  
13           gas, liquefied petroleum gas, or hydrogen;  
14           or

15           “(ii) a percentage determined by the  
16           Secretary, by rule, that is not less than 70  
17           percent, of the volume consists of the ele-  
18           ments listed in clause (i), to provide for re-  
19           quirements relating to cold start, safety, or  
20           vehicle functions; or

21           “(B) any mixture of biodiesel and diesel  
22           fuel determined without regard to any use of  
23           kerosene that contains at least 20 percent bio-  
24           diesel.”.

1 **SEC. 305. ACCELERATING CONVERSION TO ALTERNATIVE**  
2 **FUELS INFRASTRUCTURE.**

3 (a) FINDINGS.—Congress finds that—

4 (1) as of the date of enactment of this Act, an  
5 estimated 5,000,000 to 6,000,000 flexible-fuel vehi-  
6 cles are on roads in the United States;

7 (2) based on the report of the Department of  
8 Energy entitled “Transportation Energy Data Book:  
9 Edition 25,” only 740 refueling sites providing E-  
10 85 or biodiesel existed in the United States in 2005,  
11 equivalent to less than 1 percent of total United  
12 States refueling stations; and

13 (3) as the number of flexible-fuel vehicles on  
14 roads in the United States increases, an increase in  
15 the availability of alternative refueling infrastructure  
16 must occur in order to enable the displacement of  
17 petroleum consumption.

18 (b) GOAL.—Congress declares that it is the goal of  
19 the United States to increase the accessibility of alter-  
20 native fuels to retail consumers, and to ensure that at  
21 least 10 percent of motor vehicle refueling stations provide  
22 alternative fuels, by calendar year 2015.

23 (c) INFRASTRUCTURE PILOT PROGRAM FOR ALTER-  
24 NATIVE FUELS.—

25 (1) IN GENERAL.—The Secretary of Energy, in  
26 consultation with the Secretary of Transportation

1 and the Administrator of the Environmental Protec-  
2 tion Agency (referred to in this subsection as the  
3 “Secretary”), shall establish a competitive grant  
4 pilot program (referred to in this subsection as the  
5 “pilot program”), to be administered through the  
6 Clean Cities Program of the Department of Energy,  
7 to provide not more than 10 geographically-dispersed  
8 project grants to State governments, local govern-  
9 ments, metropolitan transportation authorities, or  
10 partnerships of those entities to carry out 1 or more  
11 projects for the purposes described in paragraph (2).

12 (2) GRANT PURPOSES.—A grant under this  
13 subsection shall be used for the establishment of re-  
14 fueling infrastructure corridors for alternative fuels  
15 along the National Highway System, including—

16 (A) installation of infrastructure and  
17 equipment necessary to ensure adequate dis-  
18 tribution of qualified alternative fuels within the  
19 corridor;

20 (B) installation of infrastructure and  
21 equipment necessary to directly support vehicles  
22 powered by qualified alternative fuels; and

23 (C) operation and maintenance of infra-  
24 structure and equipment installed as part of a  
25 project funded by the grant.

## 1 (3) APPLICATIONS.—

## 2 (A) REQUIREMENTS.—

3 (i) IN GENERAL.—Subject to clause  
4 (ii), not later than 90 days after the date  
5 of enactment of this Act, the Secretary  
6 shall issue requirements for use in apply-  
7 ing for grants under the pilot program.

8 (ii) MINIMUM REQUIREMENTS.—At a  
9 minimum, the Secretary shall require that  
10 an application for a grant under this sub-  
11 section—

12 (I) be submitted by—

13 (aa) the head of a State or  
14 local government or a metropoli-  
15 tan transportation authority, or  
16 any combination of those entities;  
17 and

18 (bb) a registered participant  
19 in the Clean Cities Program of  
20 the Department of Energy; and

21 (II) include—

22 (aa) a description of the  
23 project proposed in the applica-  
24 tion, including the ways in which

1 the project meets the require-  
2 ments of this subsection;

3 (bb) an estimate of the de-  
4 gree of use of the project, includ-  
5 ing the estimated size of fleet of  
6 alternative fueled vehicles avail-  
7 able within the geographic region  
8 of the corridor;

9 (cc) an estimate of the po-  
10 tential petroleum displaced and  
11 air pollution emissions reduced as  
12 a result of the project, and a  
13 plan to collect and disseminate  
14 petroleum displacement and envi-  
15 ronmental data relating to the  
16 project to be funded under the  
17 grant, over the expected life of  
18 the project;

19 (dd) a description of the  
20 means by which the project will  
21 be sustainable without Federal  
22 assistance after the completion of  
23 the term of the grant;

24 (ee) a complete description  
25 of the costs of the project, includ-

1 ing acquisition, construction, op-  
2 eration, and maintenance costs  
3 over the expected life of the  
4 project;

5 (ff) a description of which  
6 costs of the project will be sup-  
7 ported by Federal assistance  
8 under this subsection; and

9 (gg) documentation to the  
10 satisfaction of the Secretary that  
11 diesel fuel containing sulfur at  
12 not more than 15 parts per mil-  
13 lion is available for carrying out  
14 the project, and a commitment  
15 by the applicant to use that fuel  
16 in carrying out the project.

17 (B) PARTNERS.—An applicant under sub-  
18 paragraph (A) may carry out a project under  
19 the pilot program in partnership with public  
20 and private entities.

21 (4) SELECTION CRITERIA.—In evaluating appli-  
22 cations under the pilot program, the Secretary  
23 shall—

24 (A) consider the experience of each appli-  
25 cant with previous, similar projects; and

1 (B) give priority consideration to applica-  
2 tions that—

3 (i) are most likely to maximize dis-  
4 placement of petroleum consumption and  
5 environmental protection;

6 (ii) demonstrate the greatest commit-  
7 ment on the part of the applicant to ensure  
8 funding for the proposed project and the  
9 greatest likelihood that the project will be  
10 maintained or expanded after Federal as-  
11 sistance under this subsection is com-  
12 pleted;

13 (iii) represent a partnership of public  
14 and private entities; and

15 (iv) exceed the minimum requirements  
16 of paragraph (3)(A)(ii).

17 (5) PILOT PROJECT REQUIREMENTS.—

18 (A) MAXIMUM AMOUNT.—The Secretary  
19 shall provide not more than \$20,000,000 in  
20 Federal assistance under the pilot program to  
21 any applicant.

22 (B) COST SHARING.—The non-Federal  
23 share of the cost of any activity relating to  
24 qualified alternative fuel infrastructure develop-  
25 ment carried out using funds from a grant

1 under this subsection shall be not less than 20  
2 percent.

3 (C) MAXIMUM PERIOD OF GRANTS.—The  
4 Secretary shall not provide funds to any appli-  
5 cant under the pilot program for more than 2  
6 years.

7 (D) DEPLOYMENT AND DISTRIBUTION.—  
8 The Secretary shall seek, to the maximum ex-  
9 tent practicable, to ensure a broad geographic  
10 distribution of project sites funded by grants  
11 under this subsection.

12 (E) TRANSFER OF INFORMATION AND  
13 KNOWLEDGE.—The Secretary shall establish  
14 mechanisms to ensure that the information and  
15 knowledge gained by participants in the pilot  
16 program are transferred among the pilot pro-  
17 gram participants and to other interested par-  
18 ties, including other applicants that submitted  
19 applications.

20 (6) SCHEDULE.—

21 (A) INITIAL GRANTS.—

22 (i) IN GENERAL.—Not later than 90  
23 days after the date of enactment of this  
24 Act, the Secretary shall publish in the Fed-  
25 eral Register, Commerce Business Daily,

1 and such other publications as the Sec-  
2 retary considers to be appropriate, a notice  
3 and request for applications to carry out  
4 projects under the pilot program.

5 (ii) DEADLINE.—An application de-  
6 scribed in clause (i) shall be submitted to  
7 the Secretary by not later than 180 days  
8 after the date of publication of the notice  
9 under that clause.

10 (iii) INITIAL SELECTION.—Not later  
11 than 90 days after the date by which appli-  
12 cations for grants are due under clause  
13 (ii), the Secretary shall select by competi-  
14 tive, peer-reviewed proposal up to 5 appli-  
15 cations for projects to be awarded a grant  
16 under the pilot program.

17 (B) ADDITIONAL GRANTS.—

18 (i) IN GENERAL.—Not later than 2  
19 years after the date of enactment of this  
20 Act, the Secretary shall publish in the Fed-  
21 eral Register, Commerce Business Daily,  
22 and such other publications as the Sec-  
23 retary considers to be appropriate, a notice  
24 and request for additional applications to  
25 carry out projects under the pilot program

1 that incorporate the information and  
2 knowledge obtained through the implemen-  
3 tation of the first round of projects author-  
4 ized under the pilot program.

5 (ii) DEADLINE.—An application de-  
6 scribed in clause (i) shall be submitted to  
7 the Secretary by not later than 180 days  
8 after the date of publication of the notice  
9 under that clause.

10 (iii) INITIAL SELECTION.—Not later  
11 than 90 days after the date by which appli-  
12 cations for grants are due under clause  
13 (ii), the Secretary shall select by competi-  
14 tive, peer-reviewed proposal such additional  
15 applications for projects to be awarded a  
16 grant under the pilot program as the Sec-  
17 retary determines to be appropriate.

18 (7) REPORTS TO CONGRESS.—

19 (A) INITIAL REPORT.—Not later than 60  
20 days after the date on which grants are award-  
21 ed under this subsection, the Secretary shall  
22 submit to Congress a report containing—

23 (i) an identification of the grant re-  
24 cipients and a description of the projects to  
25 be funded under the pilot program;

1           (ii) an identification of other appli-  
2           cants that submitted applications for the  
3           pilot program but to which funding was  
4           not provided; and

5           (iii) a description of the mechanisms  
6           used by the Secretary to ensure that the  
7           information and knowledge gained by par-  
8           ticipants in the pilot program are trans-  
9           ferred among the pilot program partici-  
10          pants and to other interested parties, in-  
11          cluding other applicants that submitted ap-  
12          plications.

13          (B) EVALUATION.—Not later than 2 years  
14          after the date of enactment of this Act, and an-  
15          nually thereafter until the termination of the  
16          pilot program, the Secretary shall submit to  
17          Congress a report containing an evaluation of  
18          the effectiveness of the pilot program, including  
19          an assessment of the petroleum displacement  
20          and benefits to the environment derived from  
21          the projects included in the pilot program.

22          (8) AUTHORIZATION OF APPROPRIATIONS.—

23          There is authorized to be appropriated to the Sec-  
24          retary to carry out this subsection \$200,000,000, to  
25          remain available until expended.

1 **SEC. 306. INCREASING CONSUMER AWARENESS OF FLEXI-**  
2 **BLE FUEL AUTOMOBILES.**

3 Section 32908 of title 49, United States Code, is  
4 amended by adding at the end the following:

5 “(g) INCREASING CONSUMER AWARENESS OF FLEXI-  
6 BLE FUEL AUTOMOBILES.—

7 “(1) IN GENERAL.—The Secretary of Transpor-  
8 tation shall prescribe regulations that require the  
9 manufacturer of automobiles distributed in inter-  
10 state commerce for sale in the United States—

11 “(A) to prominently display a permanent  
12 badge or emblem on the quarter panel or tail-  
13 gate of each such automobile that indicates  
14 such automobile is capable of operating on al-  
15 ternative fuel; and

16 “(B) to include information in the owner’s  
17 manual of each such automobile information  
18 that describes—

19 “(i) the capability of the automobile  
20 to operate using alternative fuel; and

21 “(ii) the benefits of using alternative  
22 fuel, including the renewable nature, the  
23 increased fuel efficiency, and the environ-  
24 mental benefits of using alternative fuel.

25 “(2) COLLABORATION.—The Secretary of  
26 Transportation shall collaborate with automobile re-

1 tailers to develop voluntary methods for providing  
2 prospective purchasers of automobiles with informa-  
3 tion regarding the benefits of using alternative fuel  
4 in automobiles, including—

5 “(A) the renewable nature of alternative  
6 fuel; and

7 “(B) the environmental benefits of using  
8 alternative fuel.”.

9 **SEC. 307. MINIMUM QUANTITY OF RENEWABLE FUEL DE-**  
10 **RIVED FROM CELLULOSIC BIOMASS.**

11 Section 211(o)(2)(B) of the Clean Air Act (42 U.S.C.  
12 7545(o)(2)(B)) is amended by striking clause (iii) and in-  
13 serting the following:

14 “(iii) **MINIMUM QUANTITY DERIVED**  
15 **FROM CELLULOSIC BIOMASS.**—The applica-  
16 ble volume referred to in clause (ii) shall  
17 contain a minimum of—

18 “(I) for each of calendar years  
19 2010 through 2012, 75,000,000 gal-  
20 lons that are derived from cellulosic  
21 biomass; and

22 “(II) for calendar year 2013 and  
23 each calendar year thereafter,  
24 250,000,000 gallons that are derived  
25 from cellulosic biomass.”.

1 **SEC. 308. MINIMUM QUANTITY OF RENEWABLE FUEL DE-**  
2 **RIVED FROM SUGAR.**

3 (a) IN GENERAL.—Section 211(o)(2)(B) of the Clean  
4 Air Act (42 U.S.C. 7545(o)(2)(B)) is amended by adding  
5 at the end the following:

6 “(v) MINIMUM QUANTITY DERIVED  
7 FROM SUGAR.—For calendar year 2008  
8 and each calendar year thereafter, the ap-  
9 plicable volume referred to in clause (ii)  
10 shall contain a minimum of 100,000,000  
11 gallons that are derived from domestically-  
12 grown sugarcane, sugar beets, or sugar  
13 components.”.

14 (b) APPLICABLE VOLUME.—Section 211(o)(2)(B)(i)  
15 of the Clean Air Act (42 U.S.C. 7545(o)(2)(B)(i)) is  
16 amended—

17 (1) in the item relating to calendar year 2008,  
18 by striking “5.4” and inserting “5.5”;

19 (2) in the item relating to calendar year 2009,  
20 by striking “6.1” and inserting “6.2”;

21 (3) in the item relating to calendar year 2010,  
22 by striking “6.8” and inserting “6.9”;

23 (4) in the item relating to calendar year 2011,  
24 by striking “7.4” and inserting “7.5”; and

25 (5) in the item relating to calendar year 2012,  
26 by striking “7.5” and inserting “7.6”.

1 **SEC. 309. BIOENERGY RESEARCH AND DEVELOPMENT.**

2 Section 931(c) of the Energy Policy Act of 2005 (42  
3 U.S.C. 16231(c)) is amended—

4 (1) in paragraph (1), by striking  
5 “\$213,000,000” and inserting “\$326,000,000”;

6 (2) in paragraph (2), by striking  
7 “\$251,000,000” and inserting “\$377,000,000”; and

8 (3) in paragraph (3), by striking  
9 “\$274,000,000” and inserting “\$398,000,000”.

10 **SEC. 310. PRODUCTION INCENTIVES FOR CELLULOSIC**  
11 **BIOFUELS.**

12 Section 942(f) of the Energy Policy Act of 2005 (42  
13 U.S.C. 16251(f)) is amended by striking “\$250,000,000”  
14 and inserting “\$200,000,000 for each of fiscal years 2007  
15 through 2011”.

16 **SEC. 311. LOW-INTEREST LOAN AND GRANT PROGRAM FOR**  
17 **RETAIL DELIVERY OF E-85 FUEL.**

18 (a) **PURPOSES OF LOANS.**—Section 312(a) of the  
19 Consolidated Farm and Rural Development Act (7 U.S.C.  
20 1942(a)) is amended—

21 (1) in paragraph (9)(B)(ii), by striking “or” at  
22 the end;

23 (2) in paragraph (10), by striking the period at  
24 the end and inserting “; or”; and

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

1           “(11) building infrastructure, including pump  
2           stations, for the retail delivery to consumers of any  
3           fuel that contains not less than 85 percent ethanol,  
4           by volume.”.

5           (b) PROGRAM.—Subtitle B of the Consolidated Farm  
6 and Rural Development Act (7 U.S.C. 1941 et seq.) is  
7 amended by adding at the end the following:

8           **“SEC. 320. LOW-INTEREST LOAN AND GRANT PROGRAM FOR**  
9                                   **RETAIL DELIVERY OF E-85 FUEL.**

10           “(a) IN GENERAL.—The Secretary shall establish a  
11 low-interest loan and grant program to assist farmer-  
12 owned ethanol producers (including cooperatives and lim-  
13 ited liability corporations) to develop and build infrastruc-  
14 ture, including pump stations, for the retail delivery to  
15 consumers of any fuel that contains not less than 85 per-  
16 cent ethanol, by volume.

17           “(b) TERMS.—

18                   “(1) INTEREST RATE.—A low-interest loan  
19           under this section shall be fixed at not more than 5  
20           percent for each year.

21                   “(2) AMORTIZATION.—The repayment of a loan  
22           under this section shall be amortized over the ex-  
23           pected life of the infrastructure project that is being  
24           financed with the proceeds of the loan.

1       “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated such sums as are nec-  
3 essary to carry out this section.”.

4       (c) REGULATIONS.—As soon as practicable after the  
5 date of enactment of this Act, the Secretary of Agriculture  
6 shall promulgate such regulations as are necessary to  
7 carry out the amendments made by this section.

8 **SEC. 312. TRANSIT-ORIENTED DEVELOPMENT CORRIDORS.**

9       (a) DEFINITIONS.—In this section:

10           (1) TRANSIT-ORIENTED DEVELOPMENT COR-  
11 RIDOR.—The term “Transit-Oriented Development  
12 Corridor” (referred to in this section as “TODC”)  
13 means a geographic area designated by the Sec-  
14 retary under subsection (b).

15           (2) OTHER TERMS.—The terms “fixed guide-  
16 way”, “local governmental authority”, “mass trans-  
17 portation”, “Secretary”, “State”, and “urbanized  
18 area” have the meanings given such terms in section  
19 5302 of title 49, United States Code.

20       (b) TRANSIT-ORIENTED DEVELOPMENT COR-  
21 RIDORS.—

22           (1) IN GENERAL.—The Secretary shall develop  
23 and carry out a program to designate geographic  
24 areas in urbanized areas as Transit-Oriented Devel-  
25 opment Corridors.

1           (2) CRITERIA.—Each TODC shall include  
2 rights-of-way for fixed guideway mass transportation  
3 facilities (including commercial development of facili-  
4 ties that have a physical and functional connection  
5 with each facility).

6           (3) NUMBER OF TODCS.—In consultation with  
7 State transportation departments and metropolitan  
8 planning organizations, the Secretary shall des-  
9 ignate—

10                   (A) not fewer than 10 TODCs by Decem-  
11 ber 31, 2015; and

12                   (B) not fewer than 20 TODCs by Decem-  
13 ber 31, 2025.

14           (4) TRANSIT GRANTS.—

15                   (A) IN GENERAL.—The Secretary may  
16 award grants to eligible States and local gov-  
17 ernmental authorities to pay the Federal share  
18 of the cost of designating geographic areas in  
19 urbanized areas as TODCs.

20                   (B) APPLICATION.—Each eligible State or  
21 local governmental authority desiring a grant  
22 under this paragraph shall submit an applica-  
23 tion to the Secretary, at such time, in such  
24 manner, and accompanied by such additional

1 information as the Secretary may reasonably  
2 require.

3 (C) LABOR STANDARDS.—Subchapter IV  
4 of chapter 31 of title 40, United States Code  
5 shall apply to projects that receive funding  
6 under this section.

7 (D) FEDERAL SHARE.—The Federal share  
8 of the cost of a project under this subsection  
9 shall be 50 percent.

10 (c) TODC RESEARCH AND DEVELOPMENT.—To sup-  
11 port effective deployment of grants and incentives under  
12 this section, the Secretary shall establish a TODC re-  
13 search and development program to conduct research on  
14 the best practices and performance criteria for TODCs.

15 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
16 are authorized to be appropriated \$50,000,000 for each  
17 of fiscal years 2007 through 2012 to carry out this sec-  
18 tion.

19 **TITLE IV—NATIONWIDE ENERGY**  
20 **SECURITY MEDIA CAMPAIGN**

21 **SEC. 401. NATIONWIDE MEDIA CAMPAIGN TO DECREASE**  
22 **OIL CONSUMPTION.**

23 (a) IN GENERAL.—The Secretary of Energy, acting  
24 through the Assistant Secretary for Energy Efficiency and  
25 Renewable Energy (referred to in this section as the “Sec-

1 retary”), shall develop and conduct a national media cam-  
2 paign for the purpose of decreasing oil consumption in the  
3 United States over the next decade.

4 (b) CONTRACT WITH ENTITY.—The Secretary shall  
5 carry out subsection (a) directly or through—

6 (1) competitively bid contracts with 1 or more  
7 nationally recognized media firms for the develop-  
8 ment and distribution of monthly television, radio,  
9 and newspaper public service announcements; or

10 (2) collective agreements with 1 or more nation-  
11 ally recognized institutes, businesses, or nonprofit  
12 organizations for the funding, development, and dis-  
13 tribution of monthly television, radio, and newspaper  
14 public service announcements.

15 (c) USE OF FUNDS.—

16 (1) IN GENERAL.—Amounts made available to  
17 carry out this section shall be used for the following:

18 (A) ADVERTISING COSTS.—

19 (i) The purchase of media time and  
20 space.

21 (ii) Creative and talent costs.

22 (iii) Testing and evaluation of adver-  
23 tising.

24 (iv) Evaluation of the effectiveness of  
25 the media campaign.

1 (v) The negotiated fees for the win-  
2 ning bidder on requests from proposals  
3 issued either by the Secretary for purposes  
4 otherwise authorized in this section.

5 (vi) Entertainment industry outreach,  
6 interactive outreach, media projects and  
7 activities, public information, news media  
8 outreach, and corporate sponsorship and  
9 participation.

10 (B) ADMINISTRATIVE COSTS.—Operational  
11 and management expenses.

12 (2) LIMITATIONS.—In carrying out this section,  
13 the Secretary shall allocate not less than 85 percent  
14 of funds made available under subsection (e) for  
15 each fiscal year for the advertising functions speci-  
16 fied under paragraph (1)(A).

17 (d) REPORTS.—The Secretary shall annually submit  
18 to Congress a report that describes—

19 (1) the strategy of the national media campaign  
20 and whether specific objectives of the campaign were  
21 accomplished, including—

22 (A) determinations concerning the rate of  
23 change of oil consumption, in both absolute and  
24 per capita terms; and

1 (B) an evaluation that enables consider-  
2 ation whether the media campaign contributed  
3 to reduction of oil consumption;

4 (2) steps taken to ensure that the national  
5 media campaign operates in an effective and effi-  
6 cient manner consistent with the overall strategy  
7 and focus of the campaign;

8 (3) plans to purchase advertising time and  
9 space;

10 (4) policies and practices implemented to ensure  
11 that Federal funds are used responsibly to purchase  
12 advertising time and space and eliminate the poten-  
13 tial for waste, fraud, and abuse; and

14 (5) all contracts or cooperative agreements en-  
15 tered into with a corporation, partnership, or indi-  
16 vidual working on behalf of the national media cam-  
17 paign.

18 (e) AUTHORIZATION OF APPROPRIATIONS.—There is  
19 authorized to be appropriated to carry out this section  
20 \$5,000,000 for each of fiscal years 2006 through 2010.

○