

111TH CONGRESS  
1ST SESSION

# H. R. 100

To amend the Internal Revenue Code of 1986 to provide a credit for the State and local sales taxes paid on the purchase of an automobile.

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 2009

Mr. DREIER introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for the State and local sales taxes paid on the purchase of an automobile.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Commonsense Auto  
5       Recovery Act of 2009”.

6       **SEC. 2. CREDIT FOR SALES TAX ON PURCHASE OF AUTO-**  
7       **MOBILE.**

8       (a) IN GENERAL.—Subpart B of part IV of sub-  
9       chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 30D the fol-  
2 lowing new section:

3 **“SEC. 30E. SALES TAX ON PURCHASE OF AUTOMOBILE.**

4 “(a) IN GENERAL.—In the case of a qualified tax-  
5 payer, there shall be allowed against the tax imposed by  
6 this chapter for the taxable year an amount equal to the  
7 qualified State and local automobile sales taxes paid by  
8 the taxpayer with respect to the purchase of a qualified  
9 vehicle in such taxable year.

10 “(b) LIMITATION.—For purposes of subsection (a),  
11 the purchase price taken into account for purposes of de-  
12 termining qualified State and local automobile sales taxes  
13 shall not exceed \$50,000.

14 “(c) QUALIFIED STATE AND LOCAL AUTOMOBILE  
15 SALES TAXES.—For purposes of this section—

16 “(1) IN GENERAL.—The term ‘qualified State  
17 and local automobile sales taxes’ means any general  
18 sales tax in effect on January 1, 2009, imposed on  
19 the purchase of a qualified vehicle.

20 “(2) GENERAL SALES TAX.—The term ‘general  
21 sales tax’ has the meaning given such term by sec-  
22 tion 164(b)(5), determined without regard to sub-  
23 paragraph (F) thereof.

1           “(3) QUALIFIED VEHICLE.—The term ‘qualified  
2       vehicle’ means a motor vehicle (as defined in section  
3       30(c)(2)) which does not have more than 2 axles.

4           “(d) QUALIFIED TAXPAYER.—For purposes of this  
5       section—

6           “(1) IN GENERAL.—The term ‘qualified tax-  
7       payer’ means—

8           “(A) an individual, and

9           “(B) a person who employed an average of  
10       less than 50 employees on business days during  
11       the taxable year.

12          “(2) CONTROLLED GROUPS.—For purposes of  
13       paragraph (1)(B), all persons treated as a single em-  
14       ployer under subsection (b), (c), (m), or (o) of sec-  
15       tion 414 shall be treated as a single employer.

16          “(e) NO DOUBLE BENEFIT.—The amount of the  
17       credit allowed under subsection (a) with respect to any  
18       vehicle shall be reduced by the amount of the deduction  
19       allowed under section 164 for such vehicle for the taxable  
20       year.

21          “(f) ELECTION TO NOT TAKE CREDIT.—No credit  
22       shall be allowed under subsection (a) for any vehicle if the  
23       taxpayer elects not to have this section apply to such vehi-  
24       cle.

25          “(g) APPLICATION WITH OTHER CREDITS.—

1           “(1) BUSINESS CREDIT TREATED AS PART OF  
2       GENERAL BUSINESS CREDIT.—So much of the credit  
3       which would be allowed under subsection (a) for any  
4       taxable year (determined without regard to this sub-  
5       section) that is attributable to property of a char-  
6       acter subject to an allowance for depreciation shall  
7       be treated as a credit listed in section 38(b) for such  
8       taxable year (and not allowed under subsection (a)).

9           “(2) PERSONAL CREDIT.—

10           “(A) IN GENERAL.—For purposes of this  
11       title, the credit allowed under subsection (a) for  
12       any taxable year (determined after application  
13       of paragraph (1)) shall be treated as a credit  
14       allowable under subpart A for such taxable  
15       year.

16           “(B) LIMITATION BASED ON AMOUNT OF  
17       TAX.—In the case of a taxable year to which  
18       section 26(a)(2) does not apply, the credit al-  
19       lowed under subsection (a) for any taxable year  
20       (determined after application of paragraph (1))  
21       shall not exceed the excess of—

22           “(i) the sum of the regular tax liabil-  
23       ity (as defined in section 26(b)) plus the  
24       tax imposed by section 55, over

1 “(ii) the sum of the credits allowable  
2 under subpart A (other than this section  
3 and sections 23 and 25D) and section 27  
4 for the taxable year.

5 “(h) TERMINATION.—This section shall not apply  
6 with respect to any property purchased after December  
7 31, 2010.”.

8 (b) CONFORMING AMENDMENTS.—

9 (1)(A) Section 24(b)(3)(B) of such Code is  
10 amended by striking “and 30D” and inserting  
11 “30D, and 30E”.

12 (B) Section 25(e)(1)(C)(ii) of such Code is  
13 amended by inserting “30E,” after “30D,”.

14 (C) Section 25B(g)(2) of such Code is amended  
15 by striking “and 30D” and inserting “, 30D, and  
16 30E”.

17 (D) Section 26(a)(1) of such Code is amended  
18 by striking “and 30D” and inserting “30D, and  
19 30E”.

20 (E) Section 1400C(d)(2) of such Code is  
21 amended by striking “and 30D” and inserting  
22 “30D, and 30E”.

23 (2) Section 6501(m) of such Code is amended  
24 by inserting “30E(f),” after “30D(e)(9),”.

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

“Sec. 30E. Sales tax on purchase of automobile.”.

5       (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to vehicles purchased after Decem-  
7 ber 31, 2008.

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