

111TH CONGRESS  
1ST SESSION

# S. 1350

To encourage increased production of natural gas and liquefied petroleum gas vehicles and to provide tax incentives for natural gas and liquefied petroleum gas vehicle infrastructure, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JUNE 25, 2009

Mr. PRYOR (for himself and Mr. INHOFE) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To encourage increased production of natural gas and liquefied petroleum gas vehicles and to provide tax incentives for natural gas and liquefied petroleum gas vehicle infrastructure, 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       “Fueling America Act of 2009”.

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

Sec. 1. Short title; table of contents.

TITLE I—INCREASED PRODUCTION OF NATURAL GAS AND  
LIQUEFIED PETROLEUM GAS VEHICLES

Sec. 101. Definitions.

Sec. 102. Natural gas and liquefied petroleum gas vehicle research, development, and demonstration projects.

Sec. 103. Study of increasing natural gas and liquefied petroleum gas vehicles in Federal fleet.

Sec. 104. Clean school bus program.

TITLE II—TAX INCENTIVES

Sec. 201. Credit for natural gas and liquefied petroleum gas refueling property.

Sec. 202. Credit for purchase of vehicles fueled by natural gas or liquefied petroleum gas.

**1 TITLE I—INCREASED PRODUCTION OF NATURAL GAS AND**  
**2 TION OF NATURAL GAS AND**  
**3 LIQUEFIED PETROLEUM GAS**  
**4 VEHICLES**

**5 SEC. 101. DEFINITIONS.**

6 In this title:

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

10 (2) NATURAL GAS.—The term “natural gas”  
11 means—

12 (A) compressed natural gas;

13 (B) liquefied natural gas;

14 (C) biomethane; and

15 (D) mixtures of—

16 (i) hydrogen; and

17 (ii) methane, biomethane, compressed  
18 natural gas, or liquefied natural gas.

1           (3) SECRETARY.—The term “Secretary” means  
2           the Secretary of Energy.

3   **SEC. 102. NATURAL GAS AND LIQUEFIED PETROLEUM GAS**  
4                   **VEHICLE RESEARCH, DEVELOPMENT, AND**  
5                   **DEMONSTRATION PROJECTS.**

6           (a) IN GENERAL.—The Secretary, in coordination  
7   with the Administrator, shall conduct a program of nat-  
8   ural gas and liquefied petroleum gas vehicle research, de-  
9   velopment, and demonstration.

10          (b) PURPOSES.—The purposes of the program con-  
11   ducted under this section are to focus on—

12               (1) the continued improvement and develop-  
13               ment of new, cleaner, more efficient light-duty, me-  
14               dium-duty, and heavy-duty natural gas and liquefied  
15               petroleum gas vehicle engines;

16               (2) the integration of those engines into light-  
17               duty, medium-duty, and heavy-duty natural gas and  
18               liquefied petroleum gas vehicles for onroad and  
19               offroad applications;

20               (3) expanding product availability by assisting  
21               manufacturers with the certification of the engines  
22               or vehicles described in paragraph (1) or (2) to com-  
23               ply with Federal or California certification require-  
24               ments and in-use emission standards;

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

4           (5) the development and improvement of na-  
5           tionally recognized codes and standards for the con-  
6           tinued safe operation of vehicles described in para-  
7           graph (2) and the components of the vehicles;

8           (6) improvement in the reliability and efficiency  
9           of natural gas and liquefied petroleum gas fueling  
10          station infrastructure;

11          (7) the certification of natural gas and liquefied  
12          petroleum gas fueling station infrastructure to na-  
13          tionally recognized and industry safety standards;

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

17          (9) the development of new natural gas and liq-  
18          uefied petroleum gas fuel storage materials;

19          (10) the certification of onboard natural gas  
20          and liquefied petroleum gas fuel storage systems to  
21          nationally recognized and industry safety standards;  
22          and

23          (11) the use of natural gas and liquefied petro-  
24          leum gas engines in hybrid vehicles.

1       (c) CERTIFICATION OF AFTERMARKET CONVERSION  
2 SYSTEMS.—

3           (1) IN GENERAL.—The Secretary shall coordi-  
4 nate with the Administrator on issues related to  
5 streamlining the certification of natural gas and liq-  
6 uefied petroleum gas aftermarket conversion systems  
7 to comply with appropriate Federal certification re-  
8 quirements and in-use emission standards.

9           (2) STREAMLINED CERTIFICATION.—For pur-  
10 poses of paragraph (1), streamlined certification  
11 shall include providing aftermarket conversion sys-  
12 tem manufacturers the option to continue to sell and  
13 install systems on engines and test groups for which  
14 the manufacturers have previously received a certifi-  
15 cate of conformity without having to request a new  
16 certificate in future years.

17       (d) COOPERATION AND COORDINATION WITH INDUS-  
18 TRY.—In developing and carrying out the program under  
19 this section, the Secretary shall coordinate with the nat-  
20 ural gas and liquefied petroleum gas vehicle industry to  
21 ensure, to the maximum extent practicable, cooperation  
22 between the public and the private sector.

23       (e) ADMINISTRATION.—The program under this sec-  
24 tion shall be conducted in accordance with sections 3001

1 and 3002 of the Energy Policy Act of 1992 (42 U.S.C.  
2 13541, 13542).

3 (f) REPORT.—Not later than 2 years after the date  
4 of enactment of this Act, the Secretary shall submit to  
5 the appropriate committees of Congress a report on the  
6 implementation of this section.

7 (g) AUTHORIZATION OF APPROPRIATIONS.—There is  
8 authorized to be appropriated to the Secretary to carry  
9 out this section \$30,000,000 for each of fiscal years 2010  
10 through 2014.

11 **SEC. 103. STUDY OF INCREASING NATURAL GAS AND LIQ-**  
12 **UEFIED PETROLEUM GAS VEHICLES IN FED-**  
13 **ERAL FLEET.**

14 Not later than 180 days after the date of enactment  
15 of this Act, the Administrator of General Services, in con-  
16 sultation with the Administrator, shall—

17 (1) conduct a study on whether or not the Fed-  
18 eral fleet should increase the number of light-duty,  
19 medium-duty, and heavy-duty natural gas and lique-  
20 fied petroleum gas vehicles in the fleet;

21 (2) assess the barriers to increasing the number  
22 of natural gas and liquefied petroleum gas vehicles  
23 in the fleet;

1           (3) assess the potential for maximizing the use  
 2           of natural gas and liquefied petroleum gas vehicles  
 3           in the fleet; and

4           (4) submit to the appropriate committees of  
 5           Congress a report on the results of the study.

6 **SEC. 104. CLEAN SCHOOL BUS PROGRAM.**

7           (a) IN GENERAL.—Section 6015 of the Safe, Ac-  
 8           countable, Flexible, Efficient Transportation Equity Act:  
 9           A Legacy for Users (42 U.S.C. 16091a) is amended—

10           (1) in subsection (b)(5)—

11           (A) in subparagraph (A)—

12           (i) in the subparagraph heading, by  
 13           striking “50” and inserting “65”;

14           (ii) in the matter preceding clause (i),  
 15           by striking “one-half” and inserting “65  
 16           percent”;

17           (iii) in clause (i)(II), by striking “or”  
 18           after the semicolon at the end;

19           (iv) in clause (ii), by striking the pe-  
 20           riod at the end and inserting as semicolon;  
 21           and

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

23           “(iii) clean school buses with engines  
 24           manufactured in model year 2010, 2011,  
 25           2012, 2013, or 2014 that satisfy regu-

latory requirements established by the Administrator for emissions of oxides of nitrogen and particulate matter to be applicable for school buses manufactured in that model year; or

“(iv) clean school buses with engines only fueled by compressed natural gas, liquefied natural gas, or liquefied petroleum gas, except that school buses described in this clause may be eligible for a grant that is equal to an additional 25 percent of the acquisition costs of the school buses (including fueling infrastructure).”; and

(B) in subparagraph (B)—

(i) in the subparagraph heading, by striking “25” and inserting “50”; and

(ii) in the matter preceding clause (i), by striking “one-fourth” and inserting “50 percent”; and

(2) in subsection (d)—

(A) in paragraph (1), by striking “and” at the end;

(B) in paragraph (2), by striking “2008, 2009, and 2010.” and inserting “2008 and 2009; and”; and



1 (C) by adding at the end the following:

2 “(3) \$75,000,000 for each of fiscal years 2010  
3 through 2014.”.

4 (b) TECHNICAL CORRECTION.—Section 741 of the  
5 Energy Policy Act of 2005 (42 U.S.C. 16091) is repealed.

## 6 **TITLE II—TAX INCENTIVES**

### 7 **SEC. 201. CREDIT FOR NATURAL GAS AND LIQUEFIED PE-** 8 **TROLEUM GAS REFUELING PROPERTY.**

9 (a) INCREASE IN CREDIT PERCENTAGE FOR NAT-  
10 URAL GAS AND LIQUEFIED PETROLEUM GAS REFUELING  
11 PROPERTY.—Subsection (e) of section 30C of the Internal  
12 Revenue Code of 1986 is amended by adding at the end  
13 the following new paragraph:

14 “(7) SPECIAL RULE FOR QUALIFIED NATURAL  
15 GAS VEHICLE REFUELING PROPERTY AND QUALI-  
16 FIED LIQUEFIED PETROLEUM GAS VEHICLE RE-  
17 FUELING PROPERTY.—

18 “(A) IN GENERAL.—In the case of any  
19 qualified natural gas vehicle refueling property  
20 and any qualified liquefied petroleum gas vehi-  
21 cle refueling property to which paragraph (6)  
22 does not apply—

23 “(i) subsection (a) shall be applied by  
24 substituting ‘50 percent’ for ‘30 percent’,

1 “(ii) subsection (b)(1) shall be applied  
2 by substituting ‘\$50,000’ for ‘\$30,000’,  
3 and

4 “(iii) subsection (b)(2) shall be ap-  
5 plied by substituting ‘\$2,000’ for ‘\$1,000’.

6 “(B) QUALIFIED NATURAL GAS VEHICLE  
7 REFUELING PROPERTY.—For purposes of this  
8 paragraph, the term ‘qualified natural gas vehi-  
9 cle refueling property’ has the same meaning as  
10 the term ‘qualified alternative fuel vehicle re-  
11 fueling property’ would have under subsection  
12 (c) if only natural gas, compressed natural gas,  
13 and liquefied natural gas were treated as clean-  
14 burning fuels for purposes of section 179A(d).

15 “(C) QUALIFIED LIQUEFIED PETROLEUM  
16 GAS VEHICLE REFUELING PROPERTY.—For  
17 purposes of this paragraph, the term ‘qualified  
18 liquefied petroleum gas vehicle refueling prop-  
19 erty’ has the same meaning as the term ‘quali-  
20 fied alternative fuel vehicle refueling property’  
21 would have under subsection (c) if only liquefied  
22 petroleum gas were treated as a clean-burning  
23 fuel for purposes of section 179A(d).”.

1 (b) EXTENSION OF CREDIT.—Subsection (g) of sec-  
 2 tion 30C of the Internal Revenue Code of 1986 is amended  
 3 to read as follows:

4 “(g) TERMINATION.—This section shall not apply to  
 5 any property placed in service after December 31, 2014.”.

6 (c) EFFECTIVE DATE.—The amendments made by  
 7 this section shall apply to property placed in service after  
 8 December 31, 2008, in taxable years ending after such  
 9 date.

10 **SEC. 202. CREDIT FOR PURCHASE OF VEHICLES FUELED BY**  
 11 **NATURAL GAS OR LIQUEFIED PETROLEUM**  
 12 **GAS.**

13 (a) IN GENERAL.—Subsection (e) of section 30B of  
 14 the Internal Revenue Code of 1986 is amended by adding  
 15 at the end the following new paragraph:

16 “(6) HIGHER INCREMENTAL COST LIMITS FOR  
 17 NATURAL GAS VEHICLES AND LIQUEFIED PETRO-  
 18 LEUM GAS VEHICLES.—

19 “(A) IN GENERAL.—In the case of any eli-  
 20 gible natural gas motor vehicle and any eligible  
 21 liquefied petroleum gas motor vehicle, para-  
 22 graph (3) shall be applied by multiplying each  
 23 of the dollar amounts contained in such para-  
 24 graph by 2.

1           “(B) ELIGIBLE NATURAL GAS MOTOR VE-  
2           HICLE.—For purposes of this paragraph, the  
3           term ‘eligible natural gas motor vehicle’ means  
4           (except as provided in clause (ii)) a new quali-  
5           fied alternative fuel motor vehicle or  
6           aftermarket conversion system the final assem-  
7           bly of which is in the United States and that—

8                   “(i) is only capable of operating on  
9                   compressed natural gas or liquefied natural  
10                  gas, or

11                  “(ii) is capable of operating for more  
12                  than 175 miles on compressed natural gas  
13                  or liquefied natural gas and is capable of  
14                  operating on gasoline or diesel fuel.

15           “(C) ELIGIBLE LIQUEFIED PETROLEUM  
16           GAS MOTOR VEHICLE.—For purposes of this  
17           paragraph, the term ‘eligible liquefied petro-  
18           leum gas motor vehicle’ means (except as pro-  
19           vided in clause (ii)) a new qualified alternative  
20           fuel motor vehicle or aftermarket conversion  
21           system the final assembly of which is in the  
22           United States and that—

23                   “(i) is only capable of operating on  
24                  liquefied petroleum gas, or

1 “(ii) is capable of operating for more  
 2 than 175 miles on liquefied petroleum gas  
 3 and is capable of operating on gasoline or  
 4 diesel fuel.

5 “(D) AFTERMARKET CONVERSION SYS-  
 6 TEM.—For purposes of this paragraph, the  
 7 term ‘aftermarket conversion system’ means  
 8 property that converts a vehicle that is not de-  
 9 scribed in this paragraph into an eligible nat-  
 10 ural gas motor vehicle (for purposes of subpara-  
 11 graph (B)) or an eligible liquefied petroleum  
 12 gas motor vehicle (for purposes of subpara-  
 13 graph (C)).”.

14 (b) EXTENSION OF CREDIT FOR NATURAL GAS AND  
 15 LIQUEFIED PETROLEUM GAS VEHICLES.—Paragraph (4)  
 16 of section 30B(k) of the Internal Revenue Code of 1986  
 17 is amended—

18 (1) by striking “and” at the end of paragraph

19 (3),

20 (2) by striking the period at the end of para-  
 21 graph (4) and inserting “, and”,

22 (3) by striking “(as described in subsection  
 23 (e))” in paragraph (4) and inserting “(as described  
 24 in paragraph (4) or (5) of subsection (e))”, and

1           (4) by adding at the end the following new  
2 paragraph:

3           “(5) in the case of a new qualified alternative  
4 fuel vehicle described in subsection (e)(6), December  
5 31, 2014.”.

6       (c) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to vehicles placed in service after  
8 December 31, 2008, in taxable years ending after such  
9 date.

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