

111TH CONGRESS
2D SESSION

S. 3715

To amend the Internal Revenue Code of 1986 to modify certain tax incentives for alternative vehicles, to establish a battery insurance program within the Department of Energy, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 5, 2010

Ms. STABENOW (for herself, Ms. CANTWELL, Mrs. McCASKILL, and Mr. BROWN of Ohio) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to modify certain tax incentives for alternative vehicles, to establish a battery insurance program within the Department of Energy, 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 “Charging America Forward Act”.

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

Sec. 1. Short title; table of contents.

- Sec. 2. Extension and modification of new qualified hybrid motor vehicle credit.
 Sec. 3. Extension of alternative fuel vehicle refueling property credit.
 Sec. 4. Transferability of credit for new qualified plug-in electric drive motor vehicles.
 Sec. 5. Recovery period for depreciation of smart meters and smart grid systems.
 Sec. 6. Energy investment credits for certain used energy storage property.
 Sec. 7. Nonbusiness energy property credit for certain residential energy storage property.

1 **SEC. 2. EXTENSION AND MODIFICATION OF NEW QUALI-**
 2 **FIED HYBRID MOTOR VEHICLE CREDIT.**

3 (a) EXTENSION.—Paragraph (3) of section 30B(k) of
 4 the Internal Revenue Code of 1986 is amended by striking
 5 “December 31, 2009” and inserting “December 31,
 6 2014”.

7 (b) QUALIFIED INCREMENTAL HYBRID COST.—
 8 Clause (iii) of section 30B(d)(2)(B) of the Internal Rev-
 9 enue Code of 1986 is amended by striking “does not ex-
 10 ceed—” and all that follows and inserting the following:
 11 “does not exceed—

12 “(I) \$15,000, if such vehicle has
 13 a gross vehicle weight rating of not
 14 more than 14,000 pounds;

15 “(II) \$30,000, if such vehicle has
 16 a gross vehicle weight rating of more
 17 than 14,000 pounds but not more
 18 than 26,000 pounds;

19 “(III) \$60,000, if such vehicle
 20 has a gross vehicle weight rating of

1 more than 26,000 pounds but not
 2 more than 33,000 pounds; and
 3 “(IV) \$100,000, if such vehicle
 4 has a gross vehicle weight rating more
 5 than 33,000 pounds.”.

6 (c) APPLICABLE PERCENTAGE FOR HEAVY TRUCKS
 7 ACHIEVING 20 PERCENT INCREASE IN CITY FUEL ECON-
 8 OMY.—Clause (ii) of section 30B(d)(2)(B) of the Internal
 9 Revenue Code of 1986 is amended by redesignating sub-
 10 clauses (I), (II), and (III) as subclauses (II), (III), and
 11 (IV), respectively, and by inserting before subclause (II)
 12 (as so redesignated) the following new subclause:

13 “(I) 10 percent in the case of a
 14 vehicle to which clause (iii)(IV) ap-
 15 plies if such vehicle achieves an in-
 16 crease in city fuel economy relative to
 17 a comparable vehicle of at least 20
 18 percent but less than 30 percent.”.

19 (d) DOLLAR LIMITATION.—Subparagraph (B) of sec-
 20 tion 30B(d)(2) of the Internal Revenue Code of 1986 is
 21 amended by adding at the end the following new clause:

22 “(vi) LIMITATION.—The amount al-
 23 lowed as a credit under subsection (a)(3)
 24 with respect to a vehicle by reason of

1 clause (i) of this subparagraph shall not
 2 exceed \$24,000.”.

3 (e) HEAVY ELECTRIC VEHICLES.—Paragraph (3) of
 4 section 30B(d) of the Internal Revenue Code of 1986 is
 5 amended by redesignating subparagraphs (B), (C), and
 6 (D) as subparagraphs (C), (D), and (E), respectively, and
 7 by inserting after subparagraph (A) the following new sub-
 8 paragraphs:

9 “(B) HEAVY ELECTRIC VEHICLES.—In the
 10 case of a vehicle with a gross vehicle weight rat-
 11 ing of not less than 8,500 pounds, the term
 12 ‘new qualified hybrid motor vehicle’ includes a
 13 motor vehicle—

14 “(i) which draws propulsion energy
 15 exclusively from a rechargeable energy
 16 storage system; and

17 “(ii) which meets the requirements of
 18 clauses (iii), (v), (vi), and (vii) of subpara-
 19 graph (A).”.

20 (f) CREDITS MAY BE TRANSFERRED.—Subsection
 21 (d) of section 30B of the Internal Revenue Code of 1986
 22 is amended by adding at the end the following new para-
 23 graph:

24 “(4) TRANSFERABILITY OF CREDIT.—

1 “(A) IN GENERAL.—A taxpayer who places
 2 in service any vehicle may transfer the credit al-
 3 lowed under this subsection with respect to
 4 such vehicle through an assignment to the seller
 5 of such vehicle. Such transfer may be revoked
 6 only with the consent of the Secretary.

7 “(B) REGULATIONS.—The Secretary shall
 8 prescribe such regulations as necessary to en-
 9 sure that any credit transferred under subpara-
 10 graph (A) is claimed once and not reassigned
 11 by such other person.”.

12 (g) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to vehicles acquired after Decem-
 14 ber 31, 2009.

15 **SEC. 3. EXTENSION OF ALTERNATIVE FUEL VEHICLE RE-**
 16 **FUELING PROPERTY CREDIT.**

17 (a) IN GENERAL.—Subsection (g) of section 30C of
 18 the Internal Revenue Code of 1986 is amended by striking
 19 “placed in service—” and all that follows and inserting
 20 “placed in service after December 31, 2014”.

21 (b) INCREASED CREDIT.—

22 (1) CREDIT PERCENTAGE.—Subsection (a) of
 23 section 30C of the Internal Revenue Code of 1986
 24 is amended by striking “30 percent” and inserting
 25 “50 percent”.

(2) DOLLAR LIMITATIONS.—Subsection (b) of section 30C of such Code is amended—

(A) by striking “\$30,000” in paragraph (1) and inserting “\$50,000”,

(B) by striking “depreciation, and” in paragraph (1) and inserting “depreciation which is not described in paragraph (2),”,

(C) by redesignating paragraph (2) as paragraph (3),

(D) by inserting after paragraph (1) the following new paragraph:

“(2) the greater of—

“(A) \$50,000, or

“(B) \$10,000 for each single charging device designed to recharge a motor vehicle propelled by electricity,

in the case of any property relating to electricity, and”, and

(E) by striking “\$1,000” in paragraph (3), as redesignated by subparagraph (C), and inserting “\$2,000”.

(3) CONFORMING AMENDMENT.—Subparagraph (A) of section 30C(e)(6) of such Code is amended by inserting “and which is placed in service before the

1 date of the enactment of paragraph (7)” after “hy-
 2 drogen”.

3 (c) TREATMENT OF PERSONAL CREDIT.—

4 (1) IN GENERAL.—Paragraph (2) of section
 5 30C(d) of the Internal Revenue Code of 1986 is
 6 amended to read as follows:

7 “(2) PERSONAL CREDIT.—

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

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

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

23 “(ii) the sum of the credits allowable
 24 under subpart A (other than this section

1 and sections 25D and 30D) and section 27
 2 for the taxable year.”.

3 (2) CONFORMING AMENDMENT.—Clause (ii) of
 4 section 30D(c)(2)(B) is amended by striking “sec-
 5 tion 25D” and inserting “sections 25D and 30C”.

6 (d) TREATMENT OF PROPERTY USED BY TAX-EX-
 7 EMPT ENTITY.—Paragraph (2) of section 30C(e) of the
 8 Internal Revenue Code of 1986 is amended by striking the
 9 last sentence.

10 (e) JOINT OWNERSHIP OF ELECTRIC VEHICLE RE-
 11 CHARGING PROPERTY.—Subsection (e) of section 30C of
 12 the Internal Revenue Code of 1986 is amended by adding
 13 at the end the following new paragraph:

14 “(7) JOINT OWNERSHIP OF ELECTRIC VEHICLE
 15 RECHARGING PROPERTY.—

16 “(A) IN GENERAL.—Any property relating
 17 to electricity shall not fail to be treated as
 18 qualified alternative fuel vehicle refueling prop-
 19 erty solely because such property is placed in
 20 service with respect to 2 or more dwelling units.

21 “(B) LIMITS APPLIED SEPARATELY.—In
 22 the case of any qualified alternative fuel vehicle
 23 refueling property relating to electricity which
 24 is placed in service with respect to 2 or more
 25 dwelling units, this section (other than this sub-

1 paragraph) shall be applied separately with re-
 2 spect to the portion of such property attrib-
 3 utable to each such dwelling unit.”.

4 (f) DEFINITION OF ALTERNATIVE FUEL VEHICLE
 5 REFUELING PROPERTY IN THE CASE OF ELECTRICITY.—

6 (1) IN GENERAL.—Subparagraph (B) of section
 7 179A(d)(3) of the Internal Revenue Code of 1986 is
 8 amended to read as follows:

9 “(B) for the recharging of motor vehicles
 10 propelled by electricity, including electrical
 11 panel upgrades, wiring, conduit, trenching, ped-
 12 estals, and related equipment.”.

13 (2) BUILDING COMPONENTS.—Subsection (d) of
 14 section 179A of such Code is amended by inserting
 15 “, except for property described in paragraph
 16 (3)(B),” after “not including a building and”.

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

20 **SEC. 4. TRANSFERABILITY OF CREDIT FOR NEW QUALIFIED**
 21 **PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.**

22 (a) IN GENERAL.—Subsection (c) of section 30D of
 23 the Internal Revenue Code of 1986 is amended by adding
 24 at the end the following new paragraph:

25 “(3) REFUNDABLE PERSONAL CREDIT.—

1 “(A) IN GENERAL.—For purposes of this
2 title, the credit allowed under subsection (a) for
3 any taxable year (determined after application
4 of paragraph (1) and without regard to para-
5 graph (2)(B)) shall be treated as a credit allow-
6 able under subpart C for such taxable year (and
7 not allowed under subsection (a)), and para-
8 graph (2) shall not apply to such credit.

9 “(B) REFUNDABLE CREDIT MAY BE
10 TRANSFERRED.—

11 “(i) IN GENERAL.—A taxpayer may,
12 in connection with the purchase of a new
13 qualified plug-in electric drive motor vehi-
14 cle, transfer any refundable credit de-
15 scribed in subparagraph (A)—

16 “(I) to any person who is in the
17 trade or business of selling new quali-
18 fied plug-in electric drive motor vehi-
19 cles and who sold such vehicle to the
20 taxpayer, or

21 “(II) to any person who is in the
22 trade or business of financing the
23 sales of new qualified plug-in electric
24 drive motor vehicles and who financed

1 the taxpayer's purchase of such vehi-
2 cle.

3 “(ii) DISCLOSURE.—A taxpayer may
4 transfer a refundable credit described in
5 subparagraph (A) to a person described in
6 clause (i)(I) only if such person clearly dis-
7 closes to such taxpayer, through the use of
8 a window sticker attached to the new
9 qualified plug-in electric drive motor vehi-
10 cle—

11 “(I) the amount of the refund-
12 able credit described in subparagraph
13 (A) with respect to such vehicle, and

14 “(II) a notification that the tax-
15 payer will not be eligible for any cred-
16 it under any other section of this title
17 with respect to such vehicle unless the
18 taxpayer elects not to have this sec-
19 tion apply with respect to such vehi-
20 cle.

21 “(iii) CERTIFICATION.—A transferee
22 of a refundable credit described in sub-
23 paragraph (A) may not claim such credit
24 unless such claim is accompanied by a cer-
25 tification to the Secretary that the trans-

1 feree reduced the price the taxpayer paid
 2 or the balance due to the financier, which-
 3 ever is applicable, for the new qualified
 4 plug-in electric drive motor vehicle by the
 5 entire amount of such refundable credit.

6 “(iv) CONSENT REQUIRED FOR REV-
 7 OCATION.—Any transfer under clause (i)
 8 may be revoked only with the consent of
 9 the Secretary.

10 “(v) REGULATIONS.—The Secretary
 11 may prescribe such regulations as nec-
 12 essary—

13 “(I) to ensure that any refund-
 14 able credit described in clause (i) is
 15 claimed once and not retransferred by
 16 a transferee, and

17 “(II) to provide a mechanism by
 18 which the transferee may claim and
 19 receive the credit within 3 months of
 20 the sale of the new qualified plug-in
 21 electric drive motor vehicle.”.

22 (b) DISPLAY OF CREDIT INFORMATION.—Section
 23 32908(b)(1) of title 49, United States Code, is amended—

24 (1) by redesignating subparagraphs (E) and
 25 (F) as subparagraphs (F) and (G), and

1 (2) by inserting after subparagraph (D) the fol-
 2 lowing new subparagraph:

3 “(E) the amount of the new qualified plug-
 4 in electric drive motor vehicle credit allowable
 5 with respect to the sale of the automobile under
 6 section 30D of the Internal Revenue Code of
 7 1986 (26 U.S.C. 30D).”.

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

11 **SEC. 5. RECOVERY PERIOD FOR DEPRECIATION OF SMART**
 12 **METERS AND SMART GRID SYSTEMS.**

13 (a) IN GENERAL.—Subparagraph (B) of section
 14 168(e)(3) of the Internal Revenue Code of 1986 is amend-
 15 ed by striking “and” at the end of clause (vi), by striking
 16 the period at the end of clause (vii) and inserting “, and”,
 17 and by adding at the end the following new clauses:

18 “(viii) any qualified smart electric
 19 meter, and
 20 “(ix) any qualified smart electric grid
 21 system.”.

22 (b) CONFORMING AMENDMENTS.—Subparagraph
 23 (D) of section 168(e)(3) of the Internal Revenue Code of
 24 1986 is amended by inserting “and” at the end of clause

1 (i), by striking the comma at the end of clause (ii) and
 2 inserting a period, and by striking clauses (iii) and (iv).

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

6 **SEC. 6. ENERGY INVESTMENT CREDITS FOR CERTAIN USED**
 7 **ENERGY STORAGE PROPERTY.**

8 (a) 50 PERCENT CREDIT ALLOWED.—Subparagraph
 9 (A) of section 48(a)(2) of the Internal Revenue Code of
 10 1986 is amended—

11 (1) by redesignating clause (ii) as clause (iii),

12 (2) by inserting “or (ii)” after “clause (i)” in
 13 clause (iii), as so redesignated, and

14 (3) by inserting after clause (i) the following
 15 new clause:

16 “(ii) 50 percent in the case of quali-
 17 fied used energy storage property which is
 18 not described in subsection (c)(5)(B),
 19 and”.

20 (b) 30 PERCENT CREDIT FOR CERTAIN ENERGY
 21 STORAGE PROPERTY USED FOR ONSITE STORAGE.—
 22 Clause (i) of section 48(a)(2)(A) of the Internal Revenue
 23 Code of 1986 is amended—

24 (1) by striking “and” at the end of subclause
 25 (III), and

1 (2) by adding at the end the following new sub-
 2 clause:

3 “(V) qualified used energy stor-
 4 age property described in subsection
 5 (c)(5)(B),”.

6 (c) QUALIFIED USED ENERGY STORAGE PROP-
 7 ERTY.—Subsection (c) of section 48 of the Internal Rev-
 8 enue Code of 1986 is amended by adding at the end the
 9 following new paragraph:

10 “(5) QUALIFIED USED ENERGY STORAGE PROP-
 11 ERTY.—The term ‘qualified used energy storage
 12 property’ means pre-owned advanced large format
 13 automotive propulsion battery cells previously used
 14 in a qualified plug-in electric drive motor vehicle (as
 15 defined in section 30D(d)) which are reconditioned
 16 into—

17 “(A) property—

18 “(i) which is designed to receive elec-
 19 trical energy, to store such energy, to con-
 20 vert such energy to electricity, and to de-
 21 liver such electricity for support to the
 22 transmission or distribution grid or for
 23 sale to unrelated parties,

1 “(ii) which has the ability to store in
2 the aggregate not less than 50 kilowatt
3 hours of energy,

4 “(iii) which has the ability to attain a
5 peak power output of 20 kilowatts, or

6 “(B) property—

7 “(i) which—

8 “(I) is primarily designed and
9 used to receive and store intermittent
10 renewable energy generated on-site
11 and to deliver such energy for pri-
12 marily on-site consumption, or

13 “(II) provides supplemental en-
14 ergy to reduce peak energy require-
15 ments on-site,

16 “(ii) which has the ability to store the
17 energy equivalent of not less than 20 kilo-
18 watt hours of energy, and

19 “(iii) which has the ability to main-
20 tain an output of the energy equivalent of
21 not less than 5 kilowatt hours of electricity
22 for a period of not less than 4 hours.

23 Such term may include property described in
24 subparagraph (B) which is used to charge plug-
25 in or hybrid electric vehicles if such vehicles are

1 equipped with smart grid services which control
 2 time-of-day charging and discharging of such
 3 vehicles, but shall not include any property for
 4 which any other credit is allowed under this
 5 chapter.”.

6 (d) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to periods after the date of the
 8 enactment of this Act, under rules similar to the rules of
 9 section 48(m) of the Internal Revenue Code of 1986 (as
 10 in effect on the day before the date of the enactment of
 11 the Revenue Reconciliation Act of 1990).

12 **SEC. 7. NONBUSINESS ENERGY PROPERTY CREDIT FOR**
 13 **CERTAIN RESIDENTIAL ENERGY STORAGE**
 14 **PROPERTY.**

15 (a) CREDIT ALLOWED.—

16 (1) IN GENERAL.—Subsection (a) of section
 17 25C of the Internal Revenue Code of 1986 is
 18 amended—

19 (A) by striking “and” at the end of para-
 20 graph (1),

21 (B) by striking “expenditures paid or in-
 22 curred” and all that follows in paragraph (2)
 23 and inserting “expenditures, other than expend-
 24 itures for qualified used energy storage prop-
 25 erty described in subsection (d)(7), paid or in-

1 curred by the taxpayer during such taxable
2 year, and”, and

3 (C) by adding at the end the following new
4 paragraph:

5 “(3) 50 percent of the amount of the residential
6 energy property expenditures for qualified used en-
7 ergy storage property described in subsection (d)(7)
8 paid or incurred by the taxpayer during such taxable
9 year.”.

10 (2) QUALIFIED ENERGY PROPERTY.—Subpara-
11 graph (A) of section 25C(d)(2) of such Code is
12 amended—

13 (A) by striking “or” at the end of clause
14 (ii),

15 (B) by striking the period at the end of
16 clause (iii) and inserting “, or”, and

17 (C) by adding at the end the following new
18 clause:

19 “(iv) qualified used energy storage
20 property.”.

21 (b) PROPERTY DESCRIBED.—Subsection (d) of sec-
22 tion 25C of the Internal Revenue Code of 1986 is amended
23 by adding at the end the following new paragraph:

24 “(7) QUALIFIED USED ENERGY STORAGE PROP-
25 PERTY.—The term ‘qualified used energy storage

1 property' means property which is comprised of re-
2 conditioned pre-owned advanced large format auto-
3 motive propulsion battery cells previously used in a
4 qualified plug-in electric drive motor vehicle (as de-
5 fined in section 30D(d)) and which—

6 “(A) is primarily designed and used to re-
7 ceive and store intermittent renewable energy
8 generated on-site and to deliver such energy for
9 primarily on-site consumption,

10 “(B) provides supplemental energy to re-
11 duce peak energy requirements on-site, or

12 “(C) provides propulsion power for non-
13 highway mobile applications for neighborhood
14 or interior use.

15 Such term may include property described in sub-
16 paragraph (B) which is used to charge plug-in or hy-
17 brid electric vehicles if such vehicles are equipped
18 with smart grid services which control time-of-day
19 charging and discharging of such vehicles, but shall
20 not include any property for which any other credit
21 is allowed under this chapter.”.

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

○