

114TH CONGRESS  
1ST SESSION

# S. 889

To provide regulatory relief to alternative fuel producers and consumers,  
and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MARCH 26, 2015

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

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## A BILL

To provide regulatory relief to alternative fuel producers  
and consumers, 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.**

4 This Act may be cited as the “Fuel Choice and De-  
5 regulation Act of 2015”.

6 **SEC. 2. ALTERNATIVE FUELS.**

7 (a) AFTERMARKET CONVERSIONS OF MOTOR VEHI-  
8 CLES TO ALTERNATIVE FUEL.—Section 203 of the Clean  
9 Air Act (42 U.S.C. 7522) is amended by adding at the  
10 end the following:

1 “(c) OLDER VEHICLES.—

2 “(1) IN GENERAL.—The aftermarket conversion  
3 of a vehicle to alternative fuel operation shall not—

4 “(A) be considered tampering under this  
5 section if the aftermarket conversion system  
6 manufacturer or the person performing the con-  
7 version is able to demonstrate that the develop-  
8 ment and engineering sophistication of the con-  
9 version technology is—

10 “(i) matched to an appropriate vehicle  
11 or group of vehicles; and

12 “(ii) well-designed and installed in ac-  
13 cordance with good engineering judgment  
14 so that the aftermarket conversion system  
15 does not degrade emission performance, as  
16 compared to the performance of the vehicle  
17 or vehicles before the conversion; or

18 “(B) require the issuance by the Adminis-  
19 trator of any certificate of conformity.

20 “(2) LABEL.—The person performing a conver-  
21 sion described in paragraph (1) shall affix a label to  
22 the motor vehicle stating that—

23 “(A) the vehicle has been equipped with an  
24 aftermarket conversion system; and

1                   “(B) the installation of that system oc-  
 2                   curred after the initial sale of the vehicle.

3                   “(3) NO PRECLUSION OF ORDERS.—Nothing in  
 4                   this subsection may be construed to preclude the Ad-  
 5                   ministrator from issuing an order to prohibit the  
 6                   manufacture, sale, distribution, or installation of an  
 7                   aftermarket conversion system if the Administrator  
 8                   has evidence that the installation of the aftermarket  
 9                   conversion system on a vehicle degrades emission  
 10                  performance.”.

11                  (b) BIOMASS FUELS.—Section 211 of the Clean Air  
 12                  Act (42 U.S.C. 7545) is amended by adding at the end  
 13                  the following:

14                  “(w) BIOMASS FUELS.—Notwithstanding any other  
 15                  provision of this Act, the Administrator may not prohibit  
 16                  or control biomass fuel (as defined in section 203 of the  
 17                  Biomass Energy and Alcohol Fuels Act of 1980 (42  
 18                  U.S.C. 8802)) under this Act.”.

19                  **SEC. 3. CALCULATION OF AVERAGE FUEL ECONOMY.**

20                  (a) DEFINITIONS.—Section 32901(a) of title 49,  
 21                  United States Code, is amended—

22                         (1) by redesignating paragraphs (13) through  
 23                         (19) as paragraphs (19) through (25);

24                         (2) by redesignating paragraphs (11) and (12)  
 25                         as paragraphs (16) and (17), respectively;

1           (3) by redesignating paragraph (10) as para-  
2 graph (13);

3           (4) by redesignating paragraphs (7), (8), and  
4 (9) as paragraphs (8), (9), and (10), respectively;

5           (5) by inserting after paragraph (6) the fol-  
6 lowing:

7           “(7) ‘biodiesel’—

8                 “(A) means liquid fuel derived from bio-  
9 mass that meets—

10                         “(i) the registration requirements for  
11 fuels and fuel additives established by the  
12 Environmental Protection Agency under  
13 section 211 of the Clean Air Act (42  
14 U.S.C. 7545); and

15                         “(ii) the requirements of the ASTM  
16 Standard D6751; and

17                 “(B) does not include any liquid with re-  
18 spect to which a credit may be determined  
19 under section 40 of the Internal Revenue Code  
20 of 1986.”;

21           (6) by inserting after paragraph (10), as redes-  
22 ignated, the following:

23           “(11) ‘E85’ means a fuel mixture that—

24                 “(A) contains between 51 and 83 percent  
25 ethanol; and

1 “(B) meets the specifications of the ASTM  
2 Standard D5798.;

3 “(12) ‘flexible fuel vehicle’ means a vehicle that  
4 has been warranted to operate on gasoline, E85, and  
5 M85.”;

6 (7) by inserting after paragraph (13), as redes-  
7 igned, the following:

8 “(14) ‘fuel choice enabling manufacturer’  
9 means a manufacturer whose total fleet of auto-  
10 mobiles manufactured for the most recent model  
11 year for sale in the United States contains at least  
12 50 percent fuel choice enabling vehicles.

13 “(15) ‘fuel choice enabling vehicle’ means an  
14 automobile that—

15 “(A) has been warranted to operate on  
16 natural gas, hydrogen, propane, or at least 20  
17 percent biodiesel;

18 “(B) is a flexible fuel vehicle;

19 “(C) is a plug-in electric drive vehicle;

20 “(D) is propelled by a fuel cell that can  
21 produce power without the use of petroleum or  
22 a petroleum-based fuel; or

23 “(E)(i) is propelled by something other  
24 than an internal combustion engine; and

1 “(ii) is warranted to operate on something  
2 other than petroleum-based fuel.”;

3 (8) by inserting after paragraph (17), as redes-  
4 ignated, the following:

5 “(18) ‘M85’ means a fuel mixture that—

6 “(A) contains up to 85 percent methanol;  
7 and

8 “(B) meets the specifications of the ASTM  
9 International Standard D5797.”; and

10 (9) by inserting after paragraph (25), as redes-  
11 ignated, the following:

12 “(26) ‘plug-in electric drive vehicle’ has the  
13 meaning given such term in section 508(a) of the  
14 Energy Policy Act of 1992 (42 U.S.C. 13258(a)).”.

15 (b) FUEL CHOICE ENABLING MANUFACTURERS.—  
16 Chapter 329 of title 49, United States Code, is amended—  
17 (1) in section 32902, by adding at the end the  
18 following:

19 “(l) DEEMED COMPLIANCE WITH THE CLEAN AIR  
20 ACT.—If a fuel choice enabling manufacturer is in compli-  
21 ance with all applicable standards prescribed under this  
22 section for model year 2016 or any subsequent model year,  
23 the automobiles manufactured by such manufacturer in  
24 such model year are deemed to be in compliance with all  
25 applicable greenhouse gas regulations established by the

1 Environmental Protection Agency pursuant to section 202  
2 of the Clean Air Act (42 U.S.C. 7521).”;

3 (2) in section 32903(a), by amending para-  
4 graph (2) to read as follows:

5 “(2) any of the 5 consecutive model years im-  
6 mediately after the model year for which the credits  
7 are earned, to the extent that such credits are not  
8 used under paragraph (1);” and

9 (3) in section 32904—

10 (A) by redesignating subsections (d) and  
11 (e) as subsections (e) and (f), respectively; and

12 (B) by inserting after subsection (c) the  
13 following:

14 “(d) AVERAGE FUEL ECONOMY BONUS FOR FUEL  
15 CHOICE ENABLING MANUFACTURERS.—The average fuel  
16 economy of a fuel choice enabling manufacturer for a  
17 model year is the sum of—

18 “(1) the average fuel economy of such manufac-  
19 turer for such model year, as otherwise calculated  
20 pursuant to this section; and

21 “(2) 8 miles per gallon.”.

22 (e) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply with respect to automobiles manu-  
24 factured for model year 2016 or for any subsequent model  
25 year.

1 **SEC. 4. EQUALIZATION OF EXCISE TAX ON LIQUEFIED NAT-**  
 2 **URAL GAS AND PER ENERGY EQUIVALENT OF**  
 3 **DIESEL.**

4 (a) IN GENERAL.—Section 4041(a)(2) of the Internal  
 5 Revenue Code of 1986 is amended—

6 (1) in subparagraph (B)—

7 (A) in clause (i), by striking “and” at the  
 8 end;

9 (B) in clause (ii)—

10 (i) by striking “liquefied natural  
 11 gas,”;

12 (ii) by striking “peat), and” and in-  
 13 serting “peat) and”;

14 (iii) by striking the period at the end  
 15 and inserting “, and”;

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

18 “(iii) in the case of liquefied natural  
 19 gas, 24.3 cents per energy equivalent of a  
 20 gallon of diesel.”;

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

22 “(C) ENERGY EQUIVALENT OF A GALLON  
 23 OF DIESEL.—For purposes of this paragraph,  
 24 the term ‘energy equivalent of a gallon of diesel’  
 25 means, with respect to a liquefied natural gas

1 fuel, the amount of such fuel having a Btu con-  
 2 tent of 128,700 (lower heating value).

3 “(D) ADMINISTRATIVE PROVISIONS.—For  
 4 purposes of applying this title with respect to  
 5 the taxes imposed by this subsection, references  
 6 to any liquid subject to tax under this sub-  
 7 section shall be treated as including references  
 8 to liquefied natural gas subject to tax under  
 9 this paragraph.”.

10 (b) EFFECTIVE DATE.—The amendments made by  
 11 this section shall apply to any sale or use of liquefied nat-  
 12 ural gas after the date that is 14 days after the date of  
 13 the enactment of this Act.

14 **SEC. 5. ETHANOL WAIVER.**

15 Section 211(h)(4) of the Clean Air Act (42 U.S.C.  
 16 7545(h)(4)) is amended—

17 (1) in the matter preceding subparagraph (A),  
 18 by inserting “or more” after “10 percent”; and

19 (2) in subparagraph (C), by striking “additional  
 20 alcohol or”.

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