

116TH CONGRESS
2D SESSION

H. R. 7862

To amend the Internal Revenue Code of 1986 to provide tax incentives and fees for increasing motor vehicle fuel economy, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 30, 2020

Mr. CASTEN of Illinois introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to provide tax incentives and fees for increasing motor vehicle fuel economy, 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; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Efficient Vehicle Leadership Act of 2019”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference
 2 shall be considered to be made to a section or other provi-
 3 sion of the Internal Revenue Code of 1986.

4 **SEC. 2. TAX CREDIT FOR FUEL-EFFICIENT MOTOR VEHI-**
 5 **CLES.**

6 (a) IN GENERAL.—Subpart B of part IV of sub-
 7 chapter A of chapter 1 (relating to other credits) is
 8 amended by inserting after section 30D the following new
 9 section:

10 **“SEC. 30E. FUEL PERFORMANCE REBATE.**

11 “(a) ALLOWANCE OF CREDIT.—

12 “(1) IN GENERAL.—There shall be allowed as a
 13 credit against the tax imposed by this chapter for
 14 the taxable year an amount equal to the amount de-
 15 termined under paragraph (2) with respect to any
 16 new qualified fuel-efficient motor vehicle placed in
 17 service by the taxpayer during the taxable year.

18 “(2) CREDIT AMOUNT.—With respect to each
 19 new qualified fuel-efficient motor vehicle, the amount
 20 determined under this paragraph shall be equal to
 21 the product of—

22 “(A) the absolute value of the difference
 23 between the fuel-economy rating and the ref-
 24 erence fuel-economy rating for such motor vehi-
 25 cle for the model year,

1 “(B) 100, and

2 “(C) the applicable amount.

3 “(3) APPLICABLE AMOUNT.—For purposes of
4 paragraph (2)(C), the applicable amount is equal
5 to—

6 “(A) in the case of model year 2021—

7 “(i) \$1,000, or

8 “(ii) \$2,000, if the fuel-economy rat-
9 ing for such motor vehicle is at least 50
10 percent more efficient than the reference
11 fuel-economy rating for such motor vehicle
12 as determined under paragraph (2)(A),
13 and

14 “(B) in the case of any succeeding model
15 year—

16 “(i) \$1,500,

17 “(ii) \$2,500, if the fuel-economy rat-
18 ing for such motor vehicle is at least 50
19 percent more efficient than the reference
20 fuel-economy rating for such motor vehicle
21 as determined under paragraph (2)(A), or

22 “(iii) \$3,500, if the fuel-economy rat-
23 ing for such motor vehicle is at least 75
24 percent more efficient than the reference

1 fuel-economy rating for such motor vehicle
2 as determined under paragraph (2)(A).

3 “(b) NEW QUALIFIED FUEL-EFFICIENT MOTOR VE-
4 HICLE.—For purposes of this section, the term ‘new quali-
5 fied fuel-efficient motor vehicle’ means a passenger auto-
6 mobile or light truck—

7 “(1) which is treated as a motor vehicle for
8 purposes of title II of the Clean Air Act,

9 “(2) which achieves a fuel-economy rating that
10 is more efficient than the reference fuel-economy
11 rating for such motor vehicle for the model year,

12 “(3) for which standards are prescribed pursu-
13 ant to section 32902 of title 49, United States Code,

14 “(4) the original use of which commences with
15 the taxpayer,

16 “(5) which is acquired for use or lease by the
17 taxpayer and not for resale, and

18 “(6) which is made by a manufacturer begin-
19 ning with model year 2021.

20 “(c) APPLICATION WITH OTHER CREDITS.—

21 “(1) BUSINESS CREDIT TREATED AS PART OF
22 GENERAL BUSINESS CREDIT.—So much of the credit
23 which would be allowed under subsection (a) for any
24 taxable year (determined without regard to this sub-
25 section) that is attributable to property of a char-

1 acter subject to an allowance for depreciation shall
2 be treated as a credit listed in section 38(b) for such
3 taxable year (and not allowed under subsection (a)).

4 “(2) REFUNDABLE PERSONAL CREDIT.—

5 “(A) IN GENERAL.—For purposes of this
6 title, the credit allowed under subsection (a) for
7 any taxable year (determined after application
8 of paragraph (1)) shall be treated as a credit
9 allowable under subpart C for such taxable year
10 (and not allowed under subsection (a)).

11 “(B) REFUNDABLE CREDIT MAY BE
12 TRANSFERRED.—

13 “(i) IN GENERAL.—A taxpayer may,
14 in connection with the purchase of a new
15 qualified fuel-efficient motor vehicle, trans-
16 fer any refundable credit described in sub-
17 paragraph (A) to any person who is in the
18 trade or business of selling new qualified
19 fuel-efficient motor vehicles and who sold
20 such vehicle to the taxpayer, but only if
21 such person clearly discloses to such tax-
22 payer, through the use of a window sticker
23 attached to the new qualified fuel-efficient
24 vehicle—

1 “(I) the amount of the refund-
2 able credit described in subparagraph
3 (A) with respect to such vehicle, and

4 “(II) a notification that the tax-
5 payer will not be eligible for any cred-
6 it under section 30D with respect to
7 such vehicle unless the taxpayer elects
8 not to have this section apply with re-
9 spect to such vehicle.

10 “(ii) CERTIFICATION.—A transferee
11 of a refundable credit described in sub-
12 paragraph (A) may not claim such credit
13 unless such claim is accompanied by a cer-
14 tification to the Secretary that the trans-
15 feree reduced the price the taxpayer paid
16 for the new qualified fuel-efficient motor
17 vehicle by the entire amount of such re-
18 fundable credit.

19 “(iii) CONSENT REQUIRED FOR REV-
20 OCATION.—Any transfer under clause (i)
21 may be revoked only with the consent of
22 the Secretary.

23 “(iv) REGULATIONS.—The Secretary
24 may prescribe such regulations as nec-
25 essary to ensure that any refundable credit

1 described in clause (i) is claimed once and
2 not retransferred by a transferee.

3 “(d) OTHER DEFINITIONS.—For purposes of this
4 section—

5 “(1) FUEL-ECONOMY RATING.—The term ‘fuel-
6 economy rating’ means, with respect to any motor
7 vehicle, the combined fuel-economy rating for such
8 motor vehicle, expressed in gallons per mile, deter-
9 mined in accordance with section 32904 of title 49,
10 United States Code.

11 “(2) MODEL YEAR.—The term ‘model year’ has
12 the meaning given such term under section 32901(a)
13 of such title 49.

14 “(3) MOTOR VEHICLE.—The term ‘motor vehi-
15 cle’ means any vehicle which is manufactured pri-
16 marily for use on public streets, roads, and highways
17 (not including a vehicle operated exclusively on a rail
18 or rails) and which has at least 4 wheels.

19 “(4) REFERENCE FUEL-ECONOMY RATING.—
20 The term ‘reference fuel-economy rating’ means,
21 with respect to any motor vehicle, the fuel economy
22 standard for such motor vehicle, expressed in gallons
23 per mile, calculated by applying the relevant vehicle
24 attributes to the mathematical function published

1 pursuant to section 32902(b)(3)(A) of title 49,
2 United States Code.

3 “(5) OTHER TERMS.—The terms ‘automobile’,
4 ‘passenger automobile’, ‘light truck’, and ‘manufac-
5 turer’ have the meanings given such terms in regula-
6 tions prescribed by the Administrator of the Envi-
7 ronmental Protection Agency for purposes of the ad-
8 ministration of title II of the Clean Air Act (42
9 U.S.C. 7521 et seq.).

10 “(e) SPECIAL RULES.—

11 “(1) BASIS REDUCTION.—For purposes of this
12 subtitle, the basis of any property for which a credit
13 is allowable under subsection (a) shall be reduced by
14 the amount of such credit so allowed (determined
15 without regard to subsection (c)).

16 “(2) NO DOUBLE BENEFIT.—No other credit
17 shall be allowable under this chapter for a new
18 qualified fuel-efficient motor vehicle with respect to
19 which a credit is allowed under this section.

20 “(3) PROPERTY USED BY TAX-EXEMPT ENTI-
21 TY.—In the case of a vehicle whose use is described
22 in paragraph (3) or (4) of section 50(b) and which
23 is not subject to a lease, the person who sold such
24 vehicle to the person or entity using such vehicle
25 shall be treated as the taxpayer that placed such ve-

1 hicle in service, but only if such person clearly dis-
2 closes to such person or entity in a document the
3 amount of any credit allowable under subsection (a)
4 with respect to such vehicle (determined without re-
5 gard to subsection (c)). For purposes of subsection
6 (c), property to which this paragraph applies shall
7 be treated as of a character subject to an allowance
8 for depreciation.

9 “(4) PROPERTY USED OUTSIDE UNITED
10 STATES, ETC., NOT QUALIFIED.—No credit shall be
11 allowable under subsection (a) with respect to any
12 property referred to in section 50(b)(1) or with re-
13 spect to the portion of the cost of any property
14 taken into account under section 179.

15 “(5) RECAPTURE.—The Secretary shall, by reg-
16 ulations, provide for recapturing the benefit of any
17 credit allowable under subsection (a) with respect to
18 any property which ceases to be property eligible for
19 such credit (including recapture in the case of a
20 lease period of less than the economic life of a vehi-
21 cle).

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

1 “(7) INTERACTION WITH AIR QUALITY AND
2 MOTOR VEHICLE SAFETY STANDARDS.—A motor ve-
3 hicle shall not be considered eligible for a credit
4 under this section unless such vehicle is in compli-
5 ance with—

6 “(A) the applicable provisions of the Clean
7 Air Act for the applicable make and model year
8 of the vehicle (or applicable air quality provi-
9 sions of State law in the case of a State which
10 has adopted such provisions under a waiver
11 under section 209(b) of the Clean Air Act), and

12 “(B) the motor vehicle safety provisions of
13 sections 30101 through 30169 of title 49,
14 United States Code.

15 “(8) INFLATION ADJUSTMENT.—In the case of
16 any model year beginning in a calendar year after
17 2021, each dollar amount in subsection (a)(3)(B)
18 shall be increased by an amount equal to—

19 “(A) such dollar amount, multiplied by

20 “(B) the cost-of-living adjustment deter-
21 mined under section 1(f)(3) for the calendar
22 year in which the model year begins, deter-
23 mined by substituting ‘2020’ for ‘2016’ in sub-
24 paragraph (A)(ii) thereof.

1 Any increase determined under the preceding sen-
2 tence shall be rounded to the nearest multiple of
3 \$100.

4 “(f) REGULATIONS.—

5 “(1) IN GENERAL.—Except as provided in para-
6 graph (2), the Secretary shall promulgate such regu-
7 lations as necessary to carry out the provisions of
8 this section.

9 “(2) COORDINATION IN PRESCRIPTION OF CER-
10 TAIN REGULATIONS.—The Secretary of the Treas-
11 ury, in coordination with the Secretary of Transpor-
12 tation and the Administrator of the Environmental
13 Protection Agency, shall prescribe such regulations
14 as necessary to determine whether a motor vehicle
15 meets the requirements to be eligible for a credit
16 under this section.”.

17 (b) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
18 IMUM TAX.—Section 38(c)(4)(B) is amended by redesign-
19 ing clauses (i) through (xii) as clauses (ii) through
20 (xiii), respectively, and by inserting before clause (ii) (as
21 so redesignated) the following new clause:

22 “(i) the credit determined under sec-
23 tion 30E,”.

24 (c) DISPLAY OF CREDIT.—Section 32908(b)(1) of
25 title 49, United States Code, is amended—

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

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

5 “(E) the amount of the fuel-efficient motor
6 vehicle credit allowable with respect to the sale
7 of the automobile under section 30E of the In-
8 ternal Revenue Code of 1986 (26 U.S.C.
9 30E).”.

10 (d) CONFORMING AMENDMENTS.—

11 (1) Section 38(b) is amended by striking “plus”
12 at the end of paragraph (34), by striking the period
13 at the end of paragraph (35) and inserting “, plus”,
14 and by adding at the end the following new para-
15 graph:

16 “(36) the portion of the fuel performance re-
17 bate to which section 30E(c)(1) applies.”.

18 (2) Section 1016(a) is amended by striking
19 “and” at the end of paragraph (37), by striking the
20 period at the end of paragraph (38) and inserting “,
21 and”, and by adding at the end the following new
22 paragraph:

23 “(39) to the extent provided in section
24 30E(e)(1).”.

1 (3) Section 6501(m) is amended by inserting
2 “30E(e)(6),” after “30D(e)(4),”.

3 (4) The table of section for subpart C of part
4 IV of subchapter A of chapter 1 is amended by in-
5 serting after the item relating to section 30D the
6 following new item:

“Sec. 30E. Fuel performance rebate.”.

7 **SEC. 3. FUEL PERFORMANCE FEE.**

8 (a) IN GENERAL.—Section 4064 is amended to read
9 as follows:

10 **“SEC. 4064. FUEL PERFORMANCE FEE.**

11 “(a) IMPOSITION OF TAX.—

12 “(1) IN GENERAL.—There is hereby imposed on
13 the sale by the manufacturer of each fuel guzzler
14 motor vehicle a tax equal to the product of—

15 “(A) the absolute value of the difference
16 between the fuel-economy rating and the ref-
17 erence fuel-economy rating for such motor vehi-
18 cle for the model year,

19 “(B) 100, and

20 “(C) the applicable amount.

21 “(2) APPLICABLE AMOUNT.—For purposes of
22 paragraph (1)(C), the applicable amount is equal
23 to—

24 “(A) \$1,500,

1 “(B) \$2,500, if the fuel-economy rating for
2 such motor vehicle is more than 50 percent less
3 efficient than the reference fuel-economy rating
4 for such motor vehicle as determined under
5 paragraph (1)(A), or

6 “(C) \$3,500, if the fuel-economy rating for
7 such motor vehicle is more than 75 percent less
8 efficient than the reference fuel-economy rating
9 for such motor vehicle as determined under
10 paragraph (1)(A).

11 “(b) FUEL GUZZLER MOTOR VEHICLE.—For pur-
12 poses of this section—

13 “(1) IN GENERAL.—The term ‘fuel guzzler
14 motor vehicle’ means a passenger automobile or light
15 truck—

16 “(A) which is treated as a motor vehicle
17 for purposes of title II of the Clean Air Act,

18 “(B) which achieves a fuel-economy rating
19 that is less efficient than the reference fuel-
20 economy rating for such motor vehicle for the
21 model year,

22 “(C) which has a gross vehicle weight rat-
23 ing of not more than 8,500 pounds, and

24 “(D) which is made by a manufacturer be-
25 ginning with model year 2023.

1 “(2) EXCEPTION FOR EMERGENCY VEHICLES.—

2 The term ‘fuel guzzler motor vehicle’ does not in-
3 clude any vehicle sold for use and used—

4 “(A) as an ambulance or combination am-
5 bulance-hearse,

6 “(B) by the United States or by a State or
7 local government for police or other law en-
8 forcement purposes, or

9 “(C) for other emergency uses prescribed
10 by the Secretary by regulations.

11 “(c) OTHER DEFINITIONS.—For purposes of this
12 section—

13 “(1) FUEL-ECONOMY RATING.—The term ‘fuel-
14 economy rating’ means, with respect to any motor
15 vehicle, the combined fuel-economy rating for such
16 motor vehicle, expressed in gallons per mile, deter-
17 mined in accordance with section 32904 of title 49,
18 United States Code.

19 “(2) MODEL YEAR.—The term ‘model year’ has
20 the meaning given such term under section 32901(a)
21 of such title 49.

22 “(3) MOTOR VEHICLE.—The term ‘motor vehi-
23 cle’ means any vehicle which is manufactured pri-
24 marily for use on public streets, roads, and highways

1 (not including a vehicle operated exclusively on a rail
2 or rails) and which has at least 4 wheels.

3 “(4) REFERENCE FUEL-ECONOMY RATING.—
4 The term ‘reference fuel-economy rating’ means,
5 with respect to any motor vehicle, the fuel economy
6 standard for such motor vehicle, expressed in gallons
7 per mile, calculated by applying the relevant vehicle
8 attributes to the mathematical function published
9 pursuant to section 32902(b)(3)(A) of title 49,
10 United States Code.

11 “(5) OTHER TERMS.—The terms ‘automobile’,
12 ‘passenger automobile’, ‘light truck’, and ‘manufac-
13 turer’ have the meanings given such terms in regula-
14 tions prescribed by the Administrator of the Envi-
15 ronmental Protection Agency for purposes of the ad-
16 ministration of title II of the Clean Air Act (42
17 U.S.C. 7521 et seq.).

18 “(d) INFLATION ADJUSTMENT.—In the case of any
19 model year beginning in a calendar year after 2023, each
20 dollar amount in subsection (a)(2) shall be increased by
21 an amount equal to—

22 “(1) such dollar amount, multiplied by

23 “(2) the cost-of-living adjustment determined
24 under section 1(f)(3) for the calendar year in which

1 the model year begins, determined by substituting
 2 ‘2022’ for ‘2016’ in subparagraph (A)(ii) thereof.
 3 Any increase determined under the preceding sentence
 4 shall be rounded to the nearest multiple of \$100.”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) The heading for part I of subchapter A of
 7 chapter 32 is amended by striking “**GAS**” and in-
 8 serting “**FUEL**”.

9 (2) The table of parts for subchapter A of chap-
 10 ter 32 is amended by striking “Gas” in the item re-
 11 lating to part I and inserting “Fuel”.

12 (3) The table of sections for part I of sub-
 13 chapter A of chapter 32 is amended by striking
 14 “Gas” in the item relating to section 4064 and in-
 15 serting “Fuel”.

16 (4) The heading for subsection (d) of section
 17 1016 is amended by striking “GAS GUZZLER TAX”
 18 and inserting “FUEL PERFORMANCE FEE”.

19 (5) The heading for subsection (e) of section
 20 4217 is amended by striking “GAS GUZZLER TAX”
 21 and inserting “FUEL PERFORMANCE FEE”.

22 (6) The heading for subparagraph (B) of sec-
 23 tion 4217(e)(3) is amended by striking “GAS GUZ-
 24 ZLER TAX” and inserting “FUEL PERFORMANCE
 25 FEE”.

1 (7) Section 4217(e) is amended by striking
2 “gas guzzler tax” each place it appears and insert-
3 ing “fuel performance fee”.

○