

## H.R. 1835 Congressional Research Service Summary

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4/1/2009--Introduced.

New Alternative Transportation to Give Americans Solutions Act of 2009 - Amends the Internal Revenue Code to: (1) allow an excise tax credit through 2027 for alternative fuels and fuel mixtures involving compressed or liquefied natural gas; (2) allow an income tax credit through 2027 for alternative fuel motor vehicles powered by compressed or liquefied natural gas; (3) modify the tax credit percentage for alternative fuel vehicles fueled by natural gas or liquefied natural gas; (4) allow a new tax credit for the production of vehicles fueled by natural gas or liquefied natural gas; and (5) extend through 2027 the tax credit for alternative fuel vehicle refueling property expenditures for refueling property relating to compressed or liquefied natural gas and allow an increased credit for such property. Requires 50% of all new vehicles purchased or placed in service by the U.S. government by December 31, 2014, to be capable of operating on compressed or liquefied natural gas. Authorizes the Secretary of Energy to make grants to manufacturers of light and heavy duty natural gas vehicles for the development of engines that reduce emissions, improve performance and efficiency, and lower cost.

HR 1835 IH

111th CONGRESS

1st Session

H. R. 1835

To amend the Internal Revenue Code of 1986 to encourage alternative energy investments and job creation.

IN THE HOUSE OF REPRESENTATIVES

April 1, 2009

Mr. BOREN (for himself, Mr. LARSON of Connecticut, Mr. SULLIVAN, Mr. ABERCROMBIE, Mr. BISHOP of Georgia, Mr. BURGESS, Mr. CONAWAY, Mr. KAGEN, Mr. MCMAHON, Ms. MARKEY of Colorado, Mr. MILLER of Florida, Mr. MINNICK, Mr. TEAGUE, and Mr. THOMPSON of California) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Oversight and Government Reform and Science and Technology, 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 encourage alternative energy investments and job creation.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) Short Title- This Act may be cited as the ‘New Alternative Transportation to Give Americans Solutions Act of 2009’.

(b) Amendment of 1986 Code- Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) Table of Contents- The table of contents for this Act is as follows:

Sec. 1. Short title, etc.

TITLE I--PROMOTE THE PURCHASE AND USE OF NGVS WITH AN EMPHASIS ON HEAVY DUTY VEHICLES AND FLEET VEHICLES

Sec. 101. Modification of alternative fuel credit.

Sec. 102. Extension and modification of alternative fuel vehicle credit.

Sec. 103. Allowance of vehicle and infrastructure credits against regular and minimum tax and transferability of credits.

Sec. 104. Modification of credit for purchase of vehicles fueled by natural gas or liquified natural gas.

Sec. 105. Modification of definition of new qualified alternative fuel motor vehicle.

#### TITLE II--PROMOTE PRODUCTION OF NGVS BY ORIGINAL EQUIPMENT MANUFACTURERS

Sec. 201. Credit for producing vehicles fueled by natural gas or liquified natural gas.

#### TITLE III--TO INCENTIVIZE THE INSTALLATION OF NATURAL GAS FUEL PUMPS AT SERVICE STATIONS AND DEPOTS AND DOMESTIC LNG PRODUCTION FACILITIES FOR SMALL ENERGY PRODUCERS

Sec. 301. Extension and modification of alternative fuel vehicle refueling property credit.

Sec. 302. Increase in credit for certain alternative fuel vehicle refueling properties.

#### TITLE IV--NATURAL GAS VEHICLES

Sec. 401. Natural gas vehicles in Federal fleet.

Sec. 402. Grants for natural gas vehicles research and development.

#### TITLE I--PROMOTE THE PURCHASE AND USE OF NGVS WITH AN EMPHASIS ON HEAVY DUTY VEHICLES AND FLEET VEHICLES

##### SEC. 101. MODIFICATION OF ALTERNATIVE FUEL CREDIT.

(a) Alternative Fuel Credit- Paragraph (5) of section 6426(d) (relating to alternative fuel credit) is amended by inserting ‘, and December 31, 2027, in the case of any sale or use involving compressed or liquefied natural gas)’ after ‘hydrogen’.

(b) Alternative Fuel Mixture Credit- Paragraph (3) of section 6426(d) is amended by inserting ‘, and December 31, 2027, in the case of any sale or use involving compressed or liquefied natural gas)’ after ‘hydrogen’.

(c) Payments Relating to Alternative Fuel or Alternative Fuel Mixtures- Paragraph (6) of section 6427(e) is amended--

(1) in subparagraph (C)--

(A) by striking ‘subparagraph (D)’ in subparagraph (C) and inserting ‘subparagraphs (D) and (E)’, and

(B) by striking ‘and’ at the end thereof,

(2) by striking the period at the end of subparagraph (D) and inserting ‘, and’,

(3) by inserting at the end the following: ‘or with respect to compressed or liquefied natural gas’ after ‘subparagraph (D)’.

‘(E) any alternative fuel or alternative fuel mixture (as so defined) involving compressed or liquefied natural gas.’.

(d) Effective Date- The amendments made by this section shall apply to fuel sold or used after the date of the enactment of this Act.

##### SEC. 102. EXTENSION AND MODIFICATION OF ALTERNATIVE FUEL VEHICLE CREDIT.

(a) In General- Paragraph (4) of section 30B(k) (relating to termination) is amended by inserting ‘(December 31, 2027, in the case of a vehicle powered by compressed or liquefied natural gas)’ before the period at the end.

(b) Effective Date- The amendment made by subsection (a) shall apply to property placed in service after the date of the enactment of this Act.

##### SEC. 103. ALLOWANCE OF VEHICLE AND INFRASTRUCTURE CREDITS AGAINST REGULAR AND MINIMUM TAX AND TRANSFERABILITY OF CREDITS.

(a) Business Credits- Subparagraph (B) of section 38(c)(4) is amended by striking ‘and’ at the end of clause (vii), by striking the period at the end of clause (viii) and inserting ‘, and’, and by inserting after clause (viii) the following new clauses:

‘(ix) the portion of the credit determined under section 30B which is attributable to the application of subsection (e)(3) thereof with respect to qualified alternative fuel motor vehicles which are capable of being powered by compressed or liquefied natural gas, and

‘(x) the portion of the credit determined under section 30C which is attributable to the application of subsection (b) thereof with respect to refueling property which is used to store and or dispense compressed or liquefied natural gas.’.

(b) Personal Credits-

(1) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLES- Subsection (g) of section 30B is amend-

ed by adding at the end the following new paragraph:

‘(3) SPECIAL RULE RELATING TO CERTAIN NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLES- In the case of the portion of the credit determined under subsection (a) which is attributable to the application of subsection (e)(3) with respect to qualified alternative fuel motor vehicles which are capable of being powered by compressed or liquefied natural gas--

‘(A) paragraph (2) shall (after the application of paragraph (1)) be applied separately with respect to such portion, and

‘(B) in lieu of the limitation determined under paragraph (2), such limitation shall not exceed the excess (if any) of--

‘(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tentative minimum tax for the taxable year, reduced by

‘(ii) the sum of the credits allowable under subpart A and sections 27 and 30.’.

(2) ALTERNATIVE FUEL VEHICLE REFUELING PROPERTIES- Subsection (d) of section 30C is amended by adding at the end the following new paragraph:

‘(3) SPECIAL RULE RELATING TO CERTAIN ALTERNATIVE FUEL VEHICLE REFUELING PROPERTIES- In the case of the portion of the credit determined under subsection (a) with respect to refueling property which is used to store and or dispense compressed or liquefied natural gas and which is attributable to the application of subsection (b)--

‘(A) paragraph (2) shall (after the application of paragraph (1)) be applied separately with respect to such portion, and

‘(B) in lieu of the limitation determined under paragraph (2), such limitation shall not exceed the excess (if any) of--

‘(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tentative minimum tax for the taxable year, reduced by

‘(ii) the sum of the credits allowable under subpart A and sections 27, 30, and the portion of the credit determined under section 30B which is attributable to the application of subsection (e)(3) thereof.’.

(c) Credits May Be Transferred-

(1) VEHICLE CREDITS- Subsection (h) of section 30B is amended by adding at the end the following new paragraph:

‘(11) TRANSFERABILITY OF CREDIT- Nothing in any law or rule of law shall be construed to limit a taxpayer from transferring, through sale and repurchase agreement, the credit allowed by this section for qualified alternative fuel motor vehicles which are capable of being powered by compressed or liquefied natural gas.’.

(2) INFRASTRUCTURE CREDIT- Subsection (e) of section 30C is amended by adding at the end the following new paragraph:

‘(6) CREDIT MAY BE TRANSFERRED- Nothing in any law or rule of law shall be construed to limit a taxpayer from transferring the credit allowed by this section through sale and repurchase agreements.’.

(d) Effective Date- The amendments made by this section shall apply with respect to property placed in service after the date of the enactment of this Act.

#### SEC. 104. MODIFICATION OF CREDIT FOR PURCHASE OF VEHICLES FUELED BY NATURAL GAS OR LIQUIFIED NATURAL GAS.

(a) Increase in Credit- Paragraph (2) of section 30B(e) (relating to applicable percentage) is amended to read as follows:

‘(2) APPLICABLE PERCENTAGE- For purposes of paragraph (1), the applicable percentage with respect to any new qualified alternative fuel motor vehicle is--

‘(A) except as provided in subparagraphs (B) and (C)--

‘(i) 50 percent, plus

‘(ii) 30 percent, if such vehicle--

‘(I) has received a certificate of conformity under the Clean Air Act and meets or exceeds the most stringent standard available for certification under the Clean Air Act for that make and model year vehicle (other than a zero emission standard), or

‘(II) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the most stringent standard available for certification under the State laws of California (enacted in accordance with a waiver granted under section 209(b) of the Clean Air Act) for that make and model year vehicle (other than a zero emission standard)

‘(B) 80 percent, in the case of vehicles that are only capable of operating on compressed natural gas or liquefied natural gas, or mix-fuel vehicles which are capable of operating on compressed or liquefied natural gas, and

‘(C) 50 percent, in the case of vehicles described subsection (e)(4)(A)(i)(II).

For purposes of the preceding sentence, in the case of any new qualified alternative fuel motor vehicle which weighs more than 14,000 pounds gross vehicle weight rating, the most stringent standard available shall be such standard available for certification on the date of the enactment of the Energy Tax Incentives Act of 2005.’.

(b) Higher Incremental Cost Limits for Natural Gas Vehicles- Subsection (e) of section 30B (relating to new qualified alternative motor vehicle credit) is amended by adding at the end the following new paragraph:

‘(6) HIGHER INCREMENTAL COST LIMITS FOR NATURAL GAS VEHICLES- In the case of alternative fueled motor vehicles with respect to vehicles powered by compressed or liquefied natural gas, paragraph (3) shall be applied--

‘(A) in subparagraph (A) by substituting ‘\$12,500’ for ‘\$5,000’,

‘(B) in subparagraph (B) by substituting ‘\$20,000’ for ‘\$10,000’,

‘(C) in subparagraph (C) by substituting ‘\$50,000’ for ‘\$25,000’, and

‘(D) in subparagraph (D) by substituting ‘\$80,000’ for ‘\$40,000’.’.

(c) Effective Date- The amendment made by this section shall apply to property placed in service after the date of the enactment of this Act.

#### SEC. 105. MODIFICATION OF DEFINITION OF NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE.

(a) In General- Clause (i) of section 30B(e)(4)(A) (relating to definition of new qualified alternative fuel motor vehicle) is amended to read as follows:

‘(i) which--

‘(I) is only capable of operating on an alternative fuel, or

‘(II) is capable of operating on compressed or liquefied natural gas and (but not in combination with) gasoline or diesel fuel, but in no case shall such vehicle have an operating range of less than 200 miles on compressed or liquefied natural gas.’.

(b) Conversions and Repowers- Paragraph (4) of section 30B(e) is amended by adding at the end the following new subparagraph:

‘(C) CONVERSIONS AND REPOWERS-

‘(i) IN GENERAL- The term ‘new qualified alternative fuel vehicle’ includes the conversion or repower of a new or used vehicle so that it is capable of operating on a qualified alternative fuel as it was not previously capable of operating on an alternative fuel.

‘(ii) TREATMENT AS NEW- A vehicle which has been converted to operate on alternative fuel shall be treated as new on the date of such conversion for purposes of this section.

‘(iii) RULE OF CONSTRUCTION- In the case of a used vehicle which is converted or repowered, nothing in this section shall be construed to require that the motor vehicle be acquired in the year the credit is claimed under this section with respect to such vehicle.’.

(c) Effective Date- The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

#### TITLE II--PROMOTE PRODUCTION OF NGVS BY ORIGINAL EQUIPMENT MANUFACTURERS

#### SEC. 201. CREDIT FOR PRODUCING VEHICLES FUELED BY NATURAL GAS OR LIQUIFIED NATURAL GAS.

(a) In General- Subpart D of part IV of subchapter A of chapter 1 (relating to business-related credits) is amended by inserting after section 45Q the following new section:

‘SEC. 45R. PRODUCTION OF VEHICLES FUELED BY NATURAL GAS OR LIQUIFIED NATURAL GAS.

‘(a) In General- For purposes of section 38, in the case of a taxpayer who is a manufacturer of natural gas

vehicles, the natural gas vehicle credit determined under this section for any taxable year with respect to each eligible natural gas vehicle produced by the taxpayer during such year is an amount equal to the lesser of--

- '(1) 10 percent of the manufacturer's basis in such vehicle, or
- '(2) \$4,000.

'(b) Aggregate Credit Allowed- The aggregate amount of credit allowed under subsection (a) with respect to a taxpayer for any taxable year shall not exceed \$200,000,000 reduced by the amount of the credit allowed under subsection (a) to the taxpayer (or any predecessor) for all prior taxable years.

'(c) Definitions- For purposes of this section--

'(1) ELIGIBLE NATURAL GAS VEHICLE- The term 'eligible natural gas vehicle' means any motor vehicle (as defined in section 30(c)(2))--

'(A) which--

'(i) is only capable of operating on natural gas or liquefied natural gas, or

'(ii) is capable of operating on compressed or liquefied natural gas and (but not in combination with) gasoline or diesel fuel, but in no case shall such vehicle have an operating range of less than 200 miles on compressed or liquefied natural gas, and

'(B) the final assembly of which is in the United States.

'(2) MANUFACTURER- The term 'manufacturer' has the meaning given such term in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

'(d) Special Rules- For purposes of this section--

'(1) IN GENERAL- Rules similar to the rules of subsections (c), (d), and (e) of section 52 shall apply.

'(2) CONTROLLED GROUPS-

'(A) IN GENERAL- All persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single producer.

'(B) INCLUSION OF FOREIGN CORPORATIONS- For purposes of subparagraph (A), in applying subsections (a) and (b) of section 52 to this section, section 1563 shall be applied without regard to subsection (b)(2) (C) thereof.

'(3) VERIFICATION- No amount shall be allowed as a credit under subsection (a) with respect to which the taxpayer has not submitted such information or certification as the Secretary, in consultation with the Secretary of Energy, determines necessary.

'(e) Termination- This section shall not apply to any vehicle produced after December 31, 2017.'

(b) Credit To Be Part of Business Credit- Section 38(b) is amended by striking 'plus' at the end of paragraph (34), by striking the period at the end of paragraph (35) and inserting ', plus', and by adding at the end the following:

'(36) the natural gas vehicle credit determined under section 45R(a).'

(c) Conforming Amendment- The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 45Q the following new item:

'Sec. 45R. Production of vehicles fueled by natural gas or liquified natural gas.'

(d) Effective Date- The amendments made by this section shall apply to vehicles produced after December 31, 2008.

### TITLE III--TO INCENTIVIZE THE INSTALLATION OF NATURAL GAS FUEL PUMPS AT SERVICE STATIONS AND DEPOTS AND DOMESTIC LNG PRODUCTION FACILITIES FOR SMALL ENERGY PRODUCERS

#### SEC. 301. EXTENSION AND MODIFICATION OF ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

(a) In General- Subsection (g) of section 30C is amended by striking 'and' at the end of paragraph (1), by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following new paragraph:

'(2) in the case of property relating to compressed or liquefied natural gas, after December 31, 2027.'

(b) Effective Date- The amendments made by subsection (a) shall apply to property placed in service after the date of the enactment of this Act.

SEC. 302. INCREASE IN CREDIT FOR CERTAIN ALTERNATIVE FUEL VEHICLE REFUELING PROPERTIES.

(a) In General- Subsection (b) of section 30C is amended to read as follows:

‘(b) Limitation- The credit allowed under subsection (a) with respect to all qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year at a location shall not exceed--

‘(1) except as provided in paragraph (2), \$30,000 in the case of a property of a character subject to an allowance for depreciation,

‘(2) in the case of a compressed natural gas, or liquefied natural gas, the lesser of--

‘(A) 50 percent of such cost, or

‘(B) \$100,000, and

‘(3) \$2,000 in any other case.’.

(b) Effective Date- The amendments made by subsection (a) shall apply to property placed in service after the date of the enactment of this Act.

TITLE IV--NATURAL GAS VEHICLES

SEC. 401. NATURAL GAS VEHICLES IN FEDERAL FLEET.

Not later than December 31, 2014, and thereafter, at least 50 percent of all new vehicles purchased or placed into service by the United States Government shall be vehicles that are capable of operating on compressed or liquefied natural gas.

SEC. 402. GRANTS FOR NATURAL GAS VEHICLES RESEARCH AND DEVELOPMENT.

(a) In General- The Secretary of Energy may make grants to original equipment manufacturers of light duty and heavy duty natural gas vehicles for the development of engines that reduce emissions, improve performance and efficiency, and lower cost.

(b) Limitation- The aggregate amount of grants under subsection (a) for any fiscal year shall not exceed \$30,000,000.

111th CONGRESS

1st Session

S. 1408

To amend the Internal Revenue Code of 1986 to encourage alternative energy investments and job creation.

IN THE SENATE OF THE UNITED STATES

July 8, 2009

Mr. MENENDEZ (for himself, Mr. REID, and Mr. HATCH) 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 encourage alternative energy investments and job creation.  
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

### SECTION 1. SHORT TITLE, ETC.

(a) Short Title- This Act may be cited as the ‘New Alternative Transportation to Give Americans Solutions’.

(b) Amendment of 1986 Code- Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) Table of Contents- The table of contents for this Act is as follows:

Sec. 1. Short title, etc.

### TITLE I--PROMOTE THE PURCHASE AND USE OF NGVS WITH AN EMPHASIS ON HEAVY DUTY VEHICLES AND FLEET VEHICLES

Sec. 101. Modification of alternative fuel credit.

Sec. 102. Extension and modification of new qualified alternative fuel motor vehicle credit.

Sec. 103. Allowance of vehicle and infrastructure credits against regular and minimum tax and transferability of credits.

Sec. 104. Natural gas vehicle bonds.

Sec. 105. Modification of credit for purchase of vehicles fueled by compressed natural gas or liquified natural gas.

Sec. 106. Modification of definition of new qualified alternative fuel motor vehicle.

### TITLE II--PROMOTE PRODUCTION OF NGVS BY ORIGINAL EQUIPMENT MANUFACTURERS

Sec. 201. Incentives for manufacturing facilities producing vehicles fueled by compressed or liquified natural gas.

### TITLE III--INCENTIVIZE THE INSTALLATION OF NATURAL GAS FUEL PUMPS AT SERVICE STATIONS AND DEPOTS AND DOMESTIC LNG PRODUCTION FACILITIES FOR SMALL ENERGY PRODUCERS

Sec. 301. Extension and modification of alternative fuel vehicle refueling property credit.

Sec. 302. Increase in credit for certain alternative fuel vehicle refueling properties.

### TITLE IV--NATURAL GAS VEHICLES

Sec. 401. Natural gas vehicles in Federal fleet.

Sec. 402. Grants for natural gas vehicles research and development.

Sec. 403. Sense of the Senate on EPA certification of NGV retrofit kits.

### TITLE I--PROMOTE THE PURCHASE AND USE OF NGVS WITH AN EMPHASIS ON HEAVY DUTY VEHICLES AND FLEET VEHICLES

#### SEC. 101. MODIFICATION OF ALTERNATIVE FUEL CREDIT.

(a) Alternative Fuel Credit- Paragraph (5) of section 6426(d) (relating to alternative fuel credit) is amended by inserting ‘, and December 31, 2019, in the case of any sale or use involving compressed or liquefied natural gas)’ after ‘hydrogen’.

(b) Alternative Fuel Mixture Credit- Paragraph (3) of section 6426(d) is amended by inserting ‘, and December 31, 2019, in the case of any sale or use involving compressed or liquefied natural gas)’ after ‘hydrogen’.

(c) Payments Relating to Alternative Fuel or Alternative Fuel Mixtures- Paragraph (6) of section 6427(e) is amended--

(1) in subparagraph (C)--

(A) by striking ‘subparagraph (D)’ in subparagraph (C) and inserting ‘subparagraphs (D) and (E)’, and

(B) by striking ‘and’ at the end thereof,

(2) by striking the period at the end of subparagraph (D) and inserting ‘, and’, and

(3) by inserting at the end the following:

‘(E) any alternative fuel or alternative fuel mixture (as so defined) involving compressed or liquefied natural gas sold or used after December 31, 2019.’.

(d) Effective Date- The amendments made by this section shall apply to fuel sold or used after the date of the enactment of this Act.

#### SEC. 102. EXTENSION AND MODIFICATION OF NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE CREDIT.

(a) In General- Paragraph (4) of section 30B(k) (relating to termination) is amended by inserting ‘(December 31, 2019, in the case of a vehicle powered by compressed or liquefied natural gas)’ before the period at the end.

(b) Effective Date- The amendment made by subsection (a) shall apply to property placed in service after the date of the enactment of this Act.

#### SEC. 103. ALLOWANCE OF VEHICLE AND INFRASTRUCTURE CREDITS AGAINST REGULAR AND MINIMUM TAX AND TRANSFERABILITY OF CREDITS.

(a) Business Credits- Subparagraph (B) of section 38(c)(4) is amended by striking ‘and’ at the end of clause (vii), by striking the period at the end of clause (viii) and inserting ‘, and’, and by inserting after clause (viii) the following new clauses:

‘(ix) the portion of the credit determined under section 30B which is attributable to the application of subsection (e)(3) thereof with respect to new qualified alternative fuel motor vehicles which are capable of being powered by compressed or liquefied natural gas, and

‘(x) the portion of the credit determined under section 30C which is attributable to the application of subsection (b) thereof with respect to refueling property which is used to store and or dispense compressed or liquefied natural gas.’.

(b) Personal Credits-

(1) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLES- Subsection (g) of section 30B is amended by adding at the end the following new paragraph:

‘(3) SPECIAL RULE RELATING TO CERTAIN NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLES- In the case of the portion of the credit determined under subsection (a) which is attributable to the application of subsection (e)(3) with respect to new qualified alternative fuel motor vehicles which are capable of being powered by compressed or liquefied natural gas--

‘(A) paragraph (2) shall (after the application of paragraph (1)) be applied separately with respect to such portion, and

‘(B) in lieu of the limitation determined under paragraph (2), such limitation shall not exceed the excess (if any) of--

‘(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tentative minimum tax for the taxable year, reduced by

‘(ii) the sum of the credits allowable under subpart A and sections 27 and 30.’.

(2) ALTERNATIVE FUEL VEHICLE REFUELING PROPERTIES- Subsection (d) of section 30C is amended by adding at the end the following new paragraph:

‘(3) SPECIAL RULE RELATING TO CERTAIN ALTERNATIVE FUEL VEHICLE REFUELING PROPERTIES- In the case of the portion of the credit determined under subsection (a) with respect to refueling property which is used to store and or dispense compressed or liquefied natural gas and which is attributable to the application of subsection (b)--

‘(A) paragraph (2) shall (after the application of paragraph (1)) be applied separately with respect to such portion, and

‘(B) in lieu of the limitation determined under paragraph (2), such limitation shall not exceed the excess (if any) of--

‘(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tentative minimum tax for the taxable year, reduced by

‘(ii) the sum of the credits allowable under subpart A and sections 27, 30, and the portion of the credit determined under section 30B which is attributable to the application of subsection (e)(3) thereof.’.

(c) Credits May Be Transferred-

(1) VEHICLE CREDITS- Subsection (h) of section 30B is amended by adding at the end the following new paragraph:

‘(11) TRANSFERABILITY OF CREDIT-

‘(A) IN GENERAL- Except as provided in subparagraph (B), a taxpayer who places in service any new qualified alternative fuel motor vehicle which is capable of being powered by compressed or liquefied natural gas may transfer the credit allowed under this section by reason of subsection (e) with respect to such vehicle through an assignment to the seller or lessor of such vehicle. Such transfer may be revoked only with the consent of the Secretary.

‘(B) DENIAL OF DOUBLE BENEFIT- No assignment of a credit allowed under this section by reason of subsection (e) with respect to any new qualified alternative fuel motor vehicle which is capable of being powered by compressed or liquefied natural gas may be made under subparagraph (A) to a taxpayer who has claimed a credit under section 54G with respect to the financing of such vehicle.

‘(C) REGULATIONS- The Secretary shall prescribe such regulations as necessary to ensure that any credit transferred under subparagraph (A) is claimed once and not reassigned by such other person.’.

(2) INFRASTRUCTURE CREDIT- Subsection (e) of section 30C is amended by adding at the end the following new paragraph:

‘(7) TRANSFERABILITY OF CREDIT-

‘(A) IN GENERAL- Except as provided in subparagraph (B), a taxpayer who places in service any qualified alternative fuel vehicle refueling property relating to compressed or liquefied natural gas may transfer the credit allowed under this section with respect to such property through an assignment to the seller or lessor of such property. Such transfer may be revoked only with the consent of the Secretary.

‘(B) DENIAL OF DOUBLE BENEFIT- No assignment of a credit allowed under this section by reason of subsection (e) with respect to any qualified alternative fuel vehicle refueling property relating to compressed or liquefied natural gas may be made under subparagraph (A) to a taxpayer who has claimed a credit under section 54G with respect to the financing of such property.

‘(C) REGULATIONS- The Secretary shall prescribe such regulations as necessary to ensure that any credit transferred under subparagraph (A) is claimed once and not reassigned by such other person.’.

(d) Effective Date- The amendments made by this section shall apply with respect to property placed in service after the date of the enactment of this Act.

SEC. 104. NATURAL GAS VEHICLE BONDS.

(a) In General- Subpart I of part IV of subchapter A of chapter 1 (relating to qualified tax credit bonds) is amended by adding at the end the following new section:

‘SEC. 54G. NATURAL GAS VEHICLE BONDS.

‘(a) Natural Gas Vehicle Bond- For purposes of this subpart, the term ‘natural gas vehicle bond’ means any bond issued as part of an issue if--

‘(1) 100 percent of the available project proceeds of such issue are to be used for capital expenditures incurred by a governmental body for 1 or more qualified natural gas vehicle projects placed in service by such governmental body primarily for governmental or public use,

‘(2) the bond is issued by a governmental body,

‘(3) the issuer designates such bond for purposes of this section, and

‘(4) in lieu of the requirements of section 54A(d)(2), the issue meets the requirements of subsection (c).

‘(b) Limitation on Amount of Bonds Designated-

‘(1) IN GENERAL- The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated under this subsection to such issuer.

‘(2) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED- There is a national natural gas vehicle bond limitation of \$3,000,000,000.

‘(3) ALLOCATION BY SECRETARY- The Secretary shall allocate the amount described in paragraph (2) among qualified natural gas vehicle projects in such manner as the Secretary determines appropriate.

‘(c) Special Rules Relating to Expenditures-

‘(1) IN GENERAL- An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the issuer reasonably expects--

‘(A) 100 percent or more of the available project proceeds of such issue are to be spent for 1 or more qualified

natural gas vehicle projects within the 5-year period beginning on the date of issuance of the natural gas vehicle bond,

‘(B) a binding commitment with a third party to spend at least 10 percent of such available project proceeds will be incurred within the 6-month period beginning on the date of issuance of the natural gas vehicle bond, and

‘(C) such projects will be completed with due diligence and such available project proceeds will be spent with due diligence.

‘(2) EXTENSION OF PERIOD- Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related projects will continue to proceed with due diligence.

‘(3) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS- To the extent that less than 100 percent of the available project proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

‘(d) Governmental Body- For purposes of this section, the term ‘governmental body’ means any State or Indian tribal government, or any political subdivision thereof.

‘(e) Qualified Natural Gas Vehicle Project- For purposes of this subpart, the term ‘qualified natural gas vehicle project’ means--

‘(1) 1 or more new qualified alternative fuel motor vehicles which are capable of being powered by compressed or liquefied natural gas (within the meaning of section 30B(e)(4)), or

‘(2) 1 or more qualified alternative fuel vehicle refueling properties which are used to store and or dispense compressed or liquefied natural gas (within the meaning of section 30C(c)).

‘(f) Termination- This section shall not apply with respect to any bond issued after December 31, 2019.’.

(b) Conforming Amendments-

(1) Paragraph (1) of section 54A(d) is amended by striking ‘or’ at the end of subparagraph (D), by inserting ‘or’ at the end of subparagraph (E), and by inserting after subparagraph (E) the following new subparagraph:

‘(F) a natural gas vehicle bond.’.

(2) Subparagraph (C) of section 54A(d)(2) is amended by striking ‘and’ at the end of clause (iv), by striking the period at the end of clause (v) and inserting ‘, and’, and by adding at the end the following new clause:

‘(vi) in the case of a natural gas vehicle bond, a purpose specified in section 54G(a)(1).’.

(c) Clerical Amendment- The table of sections for subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

‘Sec. 54G. Natural gas vehicle bonds.’.

(d) Effective Date- The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

## SEC. 105. MODIFICATION OF CREDIT FOR PURCHASE OF VEHICLES FUELED BY COMPRESSED NATURAL GAS OR LIQUIFIED NATURAL GAS.

(a) Increase in Credit- Paragraph (2) of section 30B(e) (relating to applicable percentage) is amended to read as follows:

‘(2) APPLICABLE PERCENTAGE- For purposes of paragraph (1), the applicable percentage with respect to any new qualified alternative fuel motor vehicle is--

‘(A) except as provided in subparagraphs (B) and (C)--

‘(i) 50 percent, plus

‘(ii) 30 percent, if such vehicle--

‘(I) has received a certificate of conformity under the Clean Air Act and meets or exceeds the most stringent standard available for certification under the Clean Air Act for that make and model year vehicle (other than a zero emission standard), or

‘(II) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be

sold or leased in California and meets or exceeds the most stringent standard available for certification under the State laws of California (enacted in accordance with a waiver granted under section 209(b) of the Clean Air Act) for that make and model year vehicle (other than a zero emission standard),

‘(B) 80 percent, in the case of vehicles that are only capable of operating on compressed natural gas or liquefied natural gas, or mix-fuel vehicles which are capable of operating on compressed or liquefied natural gas, and

‘(C) 50 percent, in the case of vehicles described subsection (e)(4)(A)(i)(II).

For purposes of the preceding sentence, in the case of any new qualified alternative fuel motor vehicle which weighs more than 14,000 pounds gross vehicle weight rating, the most stringent standard available shall be such standard available for certification on the date of the enactment of the Energy Tax Incentives Act of 2005.’.

(b) Higher Incremental Cost Limits for Natural Gas Vehicles- Subsection (e) of section 30B (relating to new qualified alternative fuel motor vehicle credit) is amended by adding at the end the following new paragraph:

‘(6) HIGHER INCREMENTAL COST LIMITS FOR NATURAL GAS VEHICLES- In the case of new qualified alternative fuel motor vehicles with respect to vehicles powered by compressed or liquefied natural gas, paragraph (3) shall be applied--

‘(A) in subparagraph (A) by substituting ‘\$12,500’ for ‘\$5,000’,

‘(B) in subparagraph (B) by substituting ‘\$20,000’ for ‘\$10,000’,

‘(C) in subparagraph (C) by substituting ‘\$50,000’ for ‘\$25,000’, and

‘(D) in subparagraph (D) by substituting ‘\$80,000’ for ‘\$40,000’.’.

(c) Effective Date- The amendment made by this section shall apply to property placed in service after the date of the enactment of this Act.

#### SEC. 106. MODIFICATION OF DEFINITION OF NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE.

(a) In General- Clause (i) of section 30B(e)(4)(A) (relating to definition of new qualified alternative fuel motor vehicle) is amended to read as follows:

‘(i) which--

‘(I) is only capable of operating on an alternative fuel, or

‘(II) is capable of operating on compressed or liquefied natural gas and gasoline or diesel fuel, but in no case shall such vehicle have an operating range of less than 200 miles on compressed or liquefied natural gas.’.

(b) Conversions and Repowers- Paragraph (4) of section 30B(e) is amended by adding at the end the following new subparagraph:

‘(C) CONVERSIONS AND REPOWERS-

‘(i) IN GENERAL- The term ‘new qualified alternative fuel motor vehicle’ includes the conversion or repower of a new or used vehicle so that it is capable of operating on an alternative fuel as it was not previously capable of operating on an alternative fuel.

‘(ii) TREATMENT AS NEW- A vehicle which has been converted to operate on an alternative fuel shall be treated as new on the date of such conversion for purposes of this section.

‘(iii) RULE OF CONSTRUCTION- In the case of a used vehicle which is converted or repowered, nothing in this section shall be construed to require that the motor vehicle be acquired in the year the credit is claimed under this section with respect to such vehicle.’.

(c) Effective Date- The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

#### TITLE II--PROMOTE PRODUCTION OF NGVS BY ORIGINAL EQUIPMENT MANUFACTURERS

#### SEC. 201. INCENTIVES FOR MANUFACTURING FACILITIES PRODUCING VEHICLES FUELED BY COMPRESSED OR LIQUIFIED NATURAL GAS.

(a) Deduction for Manufacturing Facilities- Part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to itemized deductions for individuals and corporations) is amended by inserting after section 179E the following new section:

‘SEC. 179F. EXPENSING FOR MANUFACTURING FACILITIES PRODUCING VEHICLES FUELED BY COMPRESSED NATURAL GAS OR LIQUIFIED NATURAL GAS.

‘(a) Treatment as Expenses- A taxpayer may elect to treat the applicable percentage of the cost of any qualified

natural gas vehicle manufacturing facility property as an expense which is not chargeable to a capital account. Any cost so treated shall be allowed as a deduction for the taxable year in which the qualified manufacturing facility property is placed in service.

‘(b) Applicable Percentage- For purposes of subsection (a), the applicable percentage is--

‘(1) 100 percent, in the case of qualified natural gas vehicle manufacturing facility property which is placed in service before January 1, 2015, and

‘(2) 50 percent, in the case of qualified natural gas vehicle manufacturing facility property which is placed in service after December 31, 2014, and before January 1, 2020.

‘(c) Election-

‘(1) IN GENERAL- An election under this section for any taxable year shall be made on the taxpayer’s return of the tax imposed by this chapter for the taxable year. Such election shall be made in such manner as the Secretary may by regulations prescribe.

‘(2) ELECTION IRREVOCABLE- Any election made under this section may not be revoked except with the consent of the Secretary.

‘(d) Qualified Natural Gas Vehicle Manufacturing Facility Property- For purposes of this section--

‘(1) IN GENERAL- The term ‘qualified natural gas vehicle manufacturing facility property’ means any qualified property--

‘(A) the original use of which commences with the taxpayer,

‘(B) which is placed in service by the taxpayer after the date of the enactment of this section and before January 1, 2020, and

‘(C) no written binding contract for the construction of which was in effect on or before the date of the enactment of this section.

‘(2) QUALIFIED PROPERTY-

‘(A) IN GENERAL- The term ‘qualified property’ means any property which is a facility or a portion of a facility used for the production of--

‘(i) any new qualified alternative fuel motor vehicle which is capable of being powered by compressed or liquefied natural gas (within the meaning of section 30B(e)(4)), or

‘(ii) any eligible component.

‘(B) ELIGIBLE COMPONENT- The term ‘eligible component’ means any component which is designed specifically for use in such a new qualified alternative fuel motor vehicle.

‘(e) Special Rule for Dual Use Property-

‘(1) IN GENERAL- In the case of any qualified natural gas vehicle manufacturing facility property which is used to produce both property described in clauses (i) and (ii) of subsection (d)(2)(A) and property which is not so described, the amount of costs taken into account under subsection (a) shall be reduced by an amount equal to--

‘(A) the total amount of such costs (determined before the application of this subsection), multiplied by

‘(B) the percentage of property expected to be produced which is not so described.

‘(2) REGULATIONS- The Secretary shall prescribe such regulations as are necessary to carry out the purpose of this subsection.’.

(b) Refund of Credit for Prior Year Minimum Tax Liability- Section 53 (relating to credit for prior year minimum tax liability) is amended by adding at the end the following new subsection:

‘(g) Election To Treat Amounts Attributable to Qualified Manufacturing Facility-

‘(1) IN GENERAL- In the case of an eligible taxpayer, the amount determined under subsection (c) for the taxable year (after the application of subsection (e)) shall be increased by an amount equal to the applicable percentage of any qualified natural gas vehicle manufacturing facility property which is placed in service during the taxable year.

‘(2) APPLICABLE PERCENTAGE- For purposes of paragraph (1), the applicable percentage is--

‘(A) 35 percent, in the case of qualified natural gas vehicle manufacturing facility property which is placed in service before January 1, 2015, and

‘(B) 17.5 percent, in the case of qualified natural gas vehicle manufacturing facility property which is placed in

service after December 31, 2014, and before January 1, 2020.

‘(3) ELIGIBLE TAXPAYER- For purposes of this subsection, the term ‘eligible taxpayer’ means any taxpayer--

‘(A) who places in service qualified natural gas vehicle manufacturing facility property during the taxable year,

‘(B) who does not make an election under section 179F(c), and

‘(C) who makes an election under this subsection.

‘(4) OTHER DEFINITIONS AND SPECIAL RULES-

‘(A) QUALIFIED NATURAL GAS VEHICLE MANUFACTURING FACILITY PROPERTY- The term ‘qualified natural gas vehicle manufacturing facility property’ has the meaning given such term under section 179F(d).

‘(B) SPECIAL RULE FOR DUAL USE PROPERTY- In the case of any qualified natural gas vehicle manufacturing facility property which is used to produce both qualified property (as defined in section 179F(d)) and other property which is not qualified property, the amount of costs taken into account under paragraph (1) shall be reduced by an amount equal to--

‘(i) the total amount of such costs (determined before the application of this subparagraph), multiplied by

‘(ii) the percentage of property expected to be produced which is not qualified property.

‘(C) ELECTION-

‘(i) IN GENERAL- An election under this subsection for any taxable year shall be made on the taxpayer’s return of the tax imposed by this chapter for the taxable year. Such election shall be made in such manner as the Secretary may by regulations prescribe.

‘(ii) ELECTION IRREVOCABLE- Any election made under this subsection may not be revoked except with the consent of the Secretary.

‘(5) CREDIT REFUNDABLE- For purposes of this title (other than this section), the credit allowed by reason of this subsection shall be treated as if it were allowed under subpart C.’.

(c) Effective Date- The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

### TITLE III--INCENTIVIZE THE INSTALLATION OF NATURAL GAS FUEL PUMPS AT SERVICE STATIONS AND DEPOTS AND DOMESTIC LNG PRODUCTION FACILITIES FOR SMALL ENERGY PRODUCERS

#### SEC. 301. EXTENSION AND MODIFICATION OF ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

(a) In General- Subsection (g) of section 30C is amended by striking ‘and’ at the end of paragraph (1), by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following new paragraph:

‘(2) in the case of property relating to compressed or liquefied natural gas, after December 31, 2019, and’.

(b) Effective Date- The amendments made by subsection (a) shall apply to property placed in service after the date of the enactment of this Act.

#### SEC. 302. INCREASE IN CREDIT FOR CERTAIN ALTERNATIVE FUEL VEHICLE REFUELING PROPERTIES.

(a) In General- Subsection (b) of section 30C is amended to read as follows:

‘(b) Limitation- The credit allowed under subsection (a) with respect to all qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year at a location shall not exceed--

‘(1) except as provided in paragraph (2), \$30,000 in the case of a property of a character subject to an allowance for depreciation,

‘(2) in the case of a compressed natural gas, or liquefied natural gas, the lesser of--

‘(A) 50 percent of such cost, or

‘(B) \$100,000, and

‘(3) \$2,000 in any other case.’.

(b) Effective Date- The amendment made by this section shall apply to property placed in service in taxable years beginning after December 31, 2010.

### TITLE IV--NATURAL GAS VEHICLES

#### SEC. 401. NATURAL GAS VEHICLES IN FEDERAL FLEET.

When complying with mandatory Federal fleet alternative fuel vehicle purchase requirements, Federal agencies

shall purchase dedicated alternative fuel vehicles unless the agency can show that alternative fuel is unavailable or purchasing such vehicles would be impractical.

**SEC. 402. GRANTS FOR NATURAL GAS VEHICLES RESEARCH AND DEVELOPMENT.**

(a) In General- The Secretary of Energy may make grants to original equipment manufacturers of light duty and heavy duty natural gas vehicles for the development of engines that reduce emissions, improve performance and efficiency, and lower cost.

(b) Limitation- The aggregate amount of grants under subsection (a) for any fiscal year shall not exceed \$30,000,000.

**SEC. 403. SENSE OF THE SENATE ON EPA CERTIFICATION OF NGV RETROFIT KITS.**

It is the sense of the Senate that the Environmental Protection Agency should streamline the process for certification of natural gas vehicle retrofit kits to promote energy security while still fulfilling the mission of the Clean Air Act