

105TH CONGRESS  
2D SESSION

# H. R. 3466

To amend the Internal Revenue Code of 1986 to provide additional incentives for the use of clean-fuel vehicles by enterprise zone businesses within empowerment zones.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 1998

Mr. SERRANO introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide additional incentives for the use of clean-fuel vehicles by enterprise zone businesses within empowerment zones.

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. CLEAN-FUEL VEHICLES USED BY ENTERPRISE**  
4 **ZONE BUSINESSES.**

5 (a) IN GENERAL.—Part III of subchapter U of chap-  
6 ter 1 of the Internal Revenue Code of 1986 (relating to  
7 additional incentives for empowerment zones) is amended  
8 by redesignating subpart C as subpart D, by redesignating  
9 sections 1397B and 1397C as sections 1397C and 1397D,

1 respectively, and by inserting after subpart B the following  
 2 new subpart:

3 **“Subpart C—Incentives For Clean-**  
 4 **Fuel Vehicles**

“Sec. 1397B. Incentives for clean-fuel vehicles.

5 **“SEC. 1397B. INCENTIVES FOR CLEAN-FUEL VEHICLES.**

6 “(a) EMPOWERMENT ZONE CLEAN FUELS CRED-  
 7 IT.—For purposes of section 38, the amount of the em-  
 8 powerment zone clean fuels credit determined under this  
 9 section for the taxable year is the sum of—

10 “(1) the empowerment zone clean-fuel property  
 11 credit, plus

12 “(2) the empowerment zone clean-burning fuel  
 13 use credit.

14 “(b) EMPOWERMENT ZONE CLEAN-FUEL PROPERTY  
 15 CREDIT.—

16 “(1) IN GENERAL.—The empowerment zone  
 17 clean-fuel property credit is the cost of—

18 “(A) qualified clean-fuel vehicle property,  
 19 and

20 “(B) qualified clean-fuel vehicle refueling  
 21 property,

22 paid or incurred for the taxable year by an eligible  
 23 enterprise zone business.

24 “(2) LIMITATIONS.—

1           “(A) QUALIFIED CLEAN-FUEL VEHICLE  
2 PROPERTY.—The cost which may be taken into  
3 account under paragraph (1)(A) with respect to  
4 any motor vehicle shall not exceed—

5           “(i) \$2,000 in the case of a motor ve-  
6 hicle not described in clause (ii) or (iii),

7           “(ii) \$5,000 in the case of any truck  
8 or van with a gross vehicle weight rating  
9 greater than 10,000 pounds but not great-  
10 er than 26,000 pounds, or

11           “(iii) \$50,000 in the case of—

12           “(I) a truck or van with a gross  
13 vehicle weight rating greater than  
14 26,000 pounds, or

15           “(II) any bus which has a seating  
16 capacity of at least 20 adults (not in-  
17 cluding the driver).

18           “(B) QUALIFIED CLEAN-FUEL VEHICLE  
19 REFUELING PROPERTY.—

20           “(i) IN GENERAL.—The aggregate  
21 cost which may be taken into account  
22 under paragraph (1)(B) with respect to  
23 qualified clean-fuel vehicle refueling prop-  
24 erty placed in service during the taxable

1 year at a location shall not exceed the less-  
2 er of—

3 “(I) \$100,000, or

4 “(II) the cost of such property  
5 reduced by the amount described in  
6 clause (ii).

7 “(ii) REDUCTION FOR AMOUNTS PRE-  
8 VIOUSLY TAKEN INTO ACCOUNT.—For pur-  
9 poses of clause (i)(II), the amount de-  
10 scribed in this clause is the amount deter-  
11 mined by adding—

12 “(I) the aggregate amount taken  
13 into account under paragraph (1)(B)  
14 for all preceding taxable years, plus

15 “(II) the aggregate amount taken  
16 into account under section  
17 179A(a)(1)(B) by the taxpayer (or  
18 any related person or predecessor)  
19 with respect to property placed in  
20 service at such location for all preced-  
21 ing taxable years.

22 “(iii) SPECIAL RULES.—For purposes  
23 of this subparagraph, the provisions of  
24 subparagraphs (B) and (C) of section  
25 179A(b)(2) shall apply.

1       “(c) EMPOWERMENT ZONE CLEAN-BURNING FUEL  
2 USE CREDIT.—The empowerment zone clean-burning fuel  
3 use credit is the amount equal to 50 cents for each gaso-  
4 line gallon equivalent of clean-burning fuel used by an eli-  
5 gible enterprise zone business during the taxable year to  
6 propel qualified clean-fuel vehicle property.

7       “(d) DEFINITIONS.—For purposes of this section—

8           “(1) ELIGIBLE ENTERPRISE ZONE BUSINESS.—

9           The term ‘eligible enterprise zone business’ means—

10                   “(A) an enterprise zone business (as de-  
11                   fined section 1397C) located within an em-  
12                   powerment zone that is within a nonattainment  
13                   area (within the meaning of section 171 of the  
14                   Clean Air Act), and

15                   “(B) a trade or business located outside of  
16                   an empowerment zone, but only with respect to  
17                   qualified clean-fuel vehicle property used sub-  
18                   stantially within an empowerment zone that is  
19                   within a nonattainment area (within the mean-  
20                   ing of section 171 of the Clean Air Act).

21           “(2) CLEAN-BURNING FUEL.—The term ‘clean-  
22           burning fuel’ has the meaning given to such term by  
23           section 179A, except that such term includes com-  
24           pressed natural gas.

1           “(3) QUALIFIED CLEAN-FUEL VEHICLE PROP-  
2           ERTY.—The term ‘qualified clean-fuel vehicle prop-  
3           erty’ has the meaning given to such term by section  
4           179A(c) without regard to paragraph (3) thereof,  
5           except that such term does not include any motor  
6           vehicle that is propelled by a fuel that is not a clean-  
7           burning fuel.

8           “(4) QUALIFIED CLEAN-FUEL VEHICLE RE-  
9           FUELING PROPERTY.—The term ‘qualified clean-fuel  
10          vehicle refueling property’ has the meaning given to  
11          such term by section 179A(d).

12          “(5) GASOLINE GALLON EQUIVALENT.—The  
13          term ‘gasoline gallon equivalent’ means, with respect  
14          to any clean burning fuel, the amount (determined  
15          by the Secretary) of such fuel having a Btu content  
16          of 114,000.

17          “(e) DENIAL OF DOUBLE BENEFIT.—No credit shall  
18          be allowed under subsection (a) for any expense for which  
19          a deduction or credit is allowed under any other provision  
20          of this chapter.”.

21          (b) CREDIT MADE PART OF GENERAL BUSINESS  
22          CREDIT.—Subsection (b) of section 38 of such Code is  
23          amended by striking “plus” at the end of paragraph (11),  
24          by striking the period at the end of paragraph (12) and

1 inserting “, plus”, and by adding at the end thereof the  
2 following new paragraph:

3 “(13) the empowerment zone clean fuels credit  
4 determined under section 1397B.”.

5 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C of  
6 such Code is amended by adding at the end thereof the  
7 following new subsection:

8 “(d) EMPOWERMENT ZONE CLEAN FUELS EX-  
9 PENSES.—No deduction shall be allowed for that portion  
10 of expenses for clean-burning fuel otherwise allowable as  
11 a deduction for the taxable year which is equal to the  
12 amount of the credit determined for such taxable year  
13 under section 1397B.”.

14 (d) CREDIT ALLOWED AGAINST REGULAR AND MINI-  
15 MUM TAX.—

16 (1) IN GENERAL.—Subsection (c) of section 38  
17 of such Code (relating to limitation based on amount  
18 of tax) is amended by redesignating paragraph (3)  
19 as paragraph (4) and by inserting after paragraph  
20 (2) the following new paragraph:

21 “(3) SPECIAL RULES FOR EMPOWERMENT ZONE  
22 CLEAN FUELS CREDIT.—

23 “(A) IN GENERAL.—In the case of the em-  
24 powerment zone clean fuels credit—

1 “(i) this section and section 39 shall  
2 be applied separately with respect to the  
3 credit, and

4 “(ii) in applying paragraph (1) to the  
5 credit—

6 “(I) subparagraph (A) thereof  
7 shall not apply, and

8 “(II) the limitation under para-  
9 graph (1) (as modified by subclause  
10 (I)) shall be reduced by the credit al-  
11 lowed under subsection (a) for the  
12 taxable year (other than the empower-  
13 ment zone clean fuels credit).

14 “(B) EMPOWERMENT ZONE CLEAN FUELS  
15 CREDIT.—For purposes of this subsection, the  
16 term ‘empowerment zone clean fuels credit’  
17 means the credit allowable under subsection (a)  
18 by reason of section 1397B.”.

19 (2) CONFORMING AMENDMENT.—Subclause (II)  
20 of section 38(c)(2)(A)(ii) of such Code is amended  
21 by inserting “or the empowerment zone clean fuels  
22 credit” after “employment credit”.

23 (e) LIMITATION ON CARRYBACK.—Subsection (d) of  
24 section 39 of such Code is amended by adding at the end  
25 thereof the following new paragraph:

1           “(9) NO CARRYBACK OF EMPOWERMENT ZONE  
2           CLEAN FUELS CREDIT BEFORE EFFECTIVE DATE.—  
3           No portion of the unused business credit for any  
4           taxable year which is attributable to the credit deter-  
5           mined under section 1397B may be carried back to  
6           any taxable year ending before the date of the enact-  
7           ment of section 1397B.”.

8           (f) DEDUCTION FOR CERTAIN UNUSED BUSINESS  
9           CREDITS.—Subsection (c) of section 196 of such Code is  
10          amended by striking “and” at the end of paragraph (6),  
11          by striking the period at the end of paragraph (7) and  
12          inserting “, and”, and by adding after paragraph (7) the  
13          following new paragraph:

14                 “(8) the empowerment zone clean fuels credit  
15                 determined under section 1397B.”.

16          (g) CONFORMING AMENDMENTS.—

17                 (1) Paragraph (3) of section 1394(b) of such  
18                 Code is amended by striking “section 1397B” each  
19                 place it appears and inserting “1397C”.

20                 (2) Paragraph (3) of section 1394(f) of such  
21                 Code is amended by striking “sections 1397B and  
22                 1397C” and inserting “sections 1397C and 1397D”.

23                 (3) Subsection (e) of section 1400 of such Code  
24                 is amended by striking “section 1397B” and insert-  
25                 ing “section 1397C”.

1           (4) Subsection (c) of section 1400B of such  
2 Code is amended by striking “section 1397B” both  
3 places it appears and inserting “section 1397C”.

4           (h) CLERICAL AMENDMENTS.—

5           (1) The table of subparts for part III of sub-  
6 chapter U of chapter 1 of such Code is amended by  
7 striking the last item and inserting the following:

          “SUBPART C. Incentives for clean-fuel vehicles.  
          “SUBPART D. General provisions.”.

8           (2) The table of sections for subpart D, as  
9 amended by paragraph (1) of this subsection, is  
10 amended to read as follows:

          “Sec. 1397C. Enterprise zone business defined.  
          “Sec. 1397D. Qualified zone property defined.”.

11           (i) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to costs paid or incurred after De-  
13 cember 31, 1997.

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