

105TH CONGRESS  
1ST SESSION

# H. R. 970

To encourage the increased use of domestic natural gas as a transportation fuel, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 1997

Mr. BARTON of Texas (for himself, Mr. BILBRAY, Mr. WISE, Mr. REGULA, Mr. THORNBERRY, Mr. COMBEST, Mr. BONO, Mr. GINGRICH, Mr. SHERMAN, Mr. TAUZIN, and Mr. SESSIONS) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Transportation and Infrastructure, National Security, Ways and Means, and Government Reform and Oversight, 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

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## A BILL

To encourage the increased use of domestic natural gas as a transportation fuel, 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 **TITLE I—GENERAL PROVISIONS**

#### 4 **SECTION 1. SHORT TITLE.**

5 This Act may be cited as the “Natural Gas Vehicle  
6 Incentives Act of 1997”.

1 **SEC. 2. FINDINGS.**

2 (a) **PRINCIPAL FINDING.**—The Congress finds that  
3 it is in the interest of the United States to encourage the  
4 increased use of domestic natural gas as a transportation  
5 fuel and thereby realize the broad societal benefits associ-  
6 ated with such use, including improved environmental  
7 quality, enhanced energy security, and increased domestic  
8 economic activity.

9 (b) **GENERAL FINDINGS.**—The Congress finds that—

10 (1) the United States currently imports ap-  
11 proximately 50 percent of the petroleum consumed  
12 within the country, and this figure is expected to in-  
13 crease to 73 percent by the year 2010;

14 (2) the transfer of wealth from the United  
15 States to oil exporting countries in 1994 was ap-  
16 proximately \$45,000,000,000;

17 (3) the transportation sector in the United  
18 States is 97 percent dependent upon petroleum and  
19 accounts for approximately 67 percent of the Na-  
20 tion's demand for petroleum;

21 (4) emissions from transportation sources con-  
22 tribute approximately 57 percent of the total criteria  
23 pollutants within the United States and one-third of  
24 the total greenhouse gas emissions within the United  
25 States;

1           (5) approximately 62,000,000 Americans live in  
2 areas that are in violation of the air quality stand-  
3 ards established by the Clean Air Act, and many of  
4 these Americans, especially those in urban areas, in-  
5 creasingly are suffering adverse health consequences  
6 resulting from poor air quality;

7           (6) natural gas is a plentiful, domestically avail-  
8 able alternative to petroleum;

9           (7) in comparison to a gasoline-powered vehicle,  
10 a typical natural gas vehicle substantially reduces  
11 emissions of carbon monoxide, nonmethane organic  
12 gases, oxides of nitrogen, and particulate matter;

13           (8) the environmental risks inherent in the pro-  
14 duction, refining, transportation, and storage of pe-  
15 troleum-based fuels are far greater than the cor-  
16 responding environmental risks associated with the  
17 production, transportation, and storage of natural  
18 gas used as a transportation fuel;

19           (9) the technology to maximize the potential so-  
20 cietal benefits resulting from the increased use of  
21 natural gas as a transportation fuel is available in  
22 the commercial marketplace today;

23           (10) the financial assistance of the Federal  
24 Government is needed to provide incentives to stimu-  
25 late the mass production of natural gas vehicles; and



1 credits for natural gas vehicles and ULEV-certified alter-  
2 native fuel vehicles on the difference in emission levels be-  
3 tween in-use gasoline and diesel vehicles and the levels of  
4 emissions from natural gas vehicles and ULEV-certified  
5 alternative fuel vehicles of similar type and weight, based  
6 on data developed by the Administrator for purposes of  
7 emissions certification of natural gas vehicles and ULEV-  
8 certified alternative fuel vehicles. Emission reduction cred-  
9 its shall be provided for differences in tailpipe, running  
10 loss and evaporative emissions. The rules shall be based  
11 on the following:

12           “(1) Credits shall be available to owners or op-  
13 erators of natural gas vehicles or ULEV-certified al-  
14 ternative fuel vehicles that certify annual use of at  
15 least 1,500 gallons or gallon equivalents of natural  
16 gas, or alternative fuel in the case of ULEV-certified  
17 alternative fuel vehicles, per year, per natural gas  
18 vehicle or ULEV-certified alternative fuel vehicle.

19           “(2) The right to obtain credits or hold credits  
20 shall be freely transferable.

21           “(3) Credits may be used to offset any require-  
22 ments in effect pursuant to this title (A) to reduce  
23 emissions of nitrogen oxides, volatile organic com-  
24 pounds, nonmethane organic gas, carbon monoxide,  
25 and particulates, including those applicable to motor

1 vehicles or stationary sources; and (B) to implement  
2 transportation control measures, including high oc-  
3 cupancy vehicles restrictions and employee trip re-  
4 duction programs.

5 “(4) Credits shall be based on assumed vehicle  
6 mileage of 20,000 miles per year.

7 “(5) Owners or operators of natural gas vehi-  
8 cles and ULEV-certified alternative fuel vehicles or  
9 their assignees shall be provided an opportunity to  
10 demonstrate eligibility to receive excess credits based  
11 on vehicle mileage in excess of the assumed mileage.  
12 Procedures established by the Administrator related  
13 to such excess credits shall be simple and not re-  
14 quire burdensome recordkeeping.

15 “(6) The Administrator shall establish different  
16 levels of credit to reflect the difference in emissions  
17 among various weight classifications of natural gas  
18 vehicles or ULEV-certified alternative fuel vehicles.  
19 The Administrator shall consult with affected parties  
20 to determine the appropriate weight classifications  
21 for purposes of this program.

22 “(c) STANDARDS FOR FUELING INFRASTRUCTURE.—  
23 The rules promulgated under subsection (a) shall base

1 emission reduction credits for the installation and rehabili-  
2 tation of natural gas fueling stations on the initial capac-  
3 ity of a station and emission reduction credits for the oper-  
4 ation of natural gas fueling stations on the annual volume  
5 of natural gas actually dispensed at a station. The rules  
6 shall be based on the following:

7           “(1) Credits shall be available to any individual  
8           or entity that installs a new natural gas fueling sta-  
9           tion, increases the capacity or efficiency of an exist-  
10          ing natural gas fueling station, or operates a natural  
11          gas fueling station. Credits shall reflect the dif-  
12          ference in emissions between a gasoline or diesel  
13          fueling station and a natural gas fueling station of  
14          similar capacity.

15          “(2) For installation and rehabilitation credits,  
16          different levels of credit shall be established to re-  
17          flect the varied fueling capacity of the different  
18          types of natural gas fueling stations. For operational  
19          credits, the level of credit shall reflect the actual an-  
20          nual volume of natural gas dispensed at a station.  
21          The Administrator shall consult with the affected  
22          parties to determine the appropriate classifications  
23          for purposes of this program.

24          “(3) The right to obtain credits or hold credits  
25          shall be freely transferable.

1           “(4) Credits may be used to offset any require-  
2           ments in effect pursuant to this title to reduce emis-  
3           sions of nitrogen oxides, nonmethane organic gas,  
4           carbon monoxide, and particulates, including those  
5           applicable to motor vehicles or stationary sources.

6           “(5) Credits shall be higher for natural gas  
7           fueling stations that provide public access.

8           “(6) Procedures established by the Adminis-  
9           trator related to such credits shall be simple and not  
10          require burdensome recordkeeping.

11          “(d) DEFINITIONS.—For purposes of this sub-  
12          section—

13                 “(1) NATURAL GAS VEHICLE.—The term ‘natu-  
14                 ral gas vehicle’ means—

15                         “(A) a dedicated vehicle that operates on  
16                         natural gas exclusively;

17                         “(B) a bi-fuel that operates on natural gas  
18                         or another fuel, but not in combination with  
19                         each other; and

20                         “(C) a dual-fuel vehicle that operates on a  
21                         mixture of natural gas and another fuel.

22                 “(2) NATURAL GAS.—The term ‘natural gas’  
23                 includes compressed natural gas and liquefied natu-  
24                 ral gas.



1           “(3) NATURAL GAS FUELING STATION.—The  
2 term ‘natural gas fueling station’ means any prop-  
3 erty or equipment necessary to dispense natural gas  
4 as a vehicular fuel.

5           “(4) ALTERNATIVE FUEL AND ALTERNATIVE  
6 FUEL VEHICLE.—The terms ‘alternative fuel’ and  
7 ‘alternative fuel vehicle’ have the same meanings as  
8 in section 301 of the Energy Policy Act of 1992.

9           “(5) ULEV-CERTIFIED ALTERNATIVE FUEL VE-  
10 HICLE.—The term ‘ULEV-certified alternative fuel  
11 vehicle’ means any vehicle that operates on alter-  
12 native fuel and has been certified by the California  
13 Air Resources Board or by the Administrator to  
14 meet the current ultra-low emission vehicle standard  
15 as established by the California Air Resources Board  
16 or as established under title II of this Act.”.

## 17       **TITLE III—TAX INCENTIVES**

### 18       **SEC. 301. CREDITS FOR NATURAL GAS VEHICLES, FUELING**

#### 19                       **STATIONS, AND FUEL.**

20           (a) IN GENERAL.—Subpart D of part IV of sub-  
21 chapter A of chapter 1 of the Internal Revenue Code of  
22 1986 (relating to business related credits) is amended by  
23 adding at the end the following new section:

#### 24       **“SEC. 45D. CREDITS RELATED TO NATURAL GAS VEHICLES.**

25           “(a) CREDIT FOR VEHICLES.—

1           “(1) IN GENERAL.—For purposes of section 38,  
2           the natural gas vehicle property credit for any tax-  
3           able year is an amount equal to 50 percent of the  
4           cost of any qualified natural gas vehicle property  
5           placed in service by the taxpayer during such taxable  
6           year.

7           “(2) QUALIFIED NATURAL GAS VEHICLE PROP-  
8           ERTY.—

9           “(A) IN GENERAL.—For purposes of para-  
10           graph (1), the term ‘qualified natural gas vehi-  
11           cle property’ means any property which would  
12           be qualified clean-fuel vehicle property as de-  
13           fined in section 179A(c) if—

14                   “(i) paragraph (2) thereof did not  
15                   apply, and

16                   “(ii) the only clean-burning fuel under  
17                   such section were natural gas.

18           “(B) VEHICLE MUST BE QUALIFIED NATU-  
19           RAL GAS VEHICLE.—

20                   “(i) IN GENERAL.—Property shall not  
21                   be treated as qualified natural gas vehicle  
22                   property unless the motor vehicle of which  
23                   it is a part is a qualified natural gas vehi-  
24                   cle.

1           “(ii) REASONABLE EXPECTATION AS  
2           TO CERTAIN REQUIREMENTS.—For pur-  
3           poses of this subsection, a vehicle shall be  
4           treated as meeting the requirements of  
5           subparagraphs (A) and (B) of subsection  
6           (d)(1) if it is reasonably expected that such  
7           vehicle will meet such requirements for a  
8           reasonable period.

9           “(3) INCREMENTAL COST.—For purposes of  
10          paragraph (1), in the case of a motor vehicle de-  
11          scribed in section 179A(c)(1)(B), the cost taken into  
12          account under subsection (a) shall not exceed the ex-  
13          cess (if any) of—

14                 “(A) the cost of the qualified natural gas  
15                 vehicle property, over

16                 “(B) the cost of similar property in a gaso-  
17                 line or diesel vehicle of the same make and  
18                 model as the vehicle for which the taxpayer  
19                 claims the credit.

20          “(4) TERMINATION.—

21                 “(A) IN GENERAL.—This subsection shall  
22                 not apply to property placed in service after the  
23                 first calendar year after the termination year.

24                 “(B) TERMINATION YEAR.—For purposes  
25                 of subparagraph (A), the termination year is

1 the first calendar year in which the number of  
2 motor vehicles capable of using natural gas as  
3 a fuel which are placed in service during such  
4 year is at least 10 percent of the total number  
5 of all motor vehicles placed in service during  
6 such year. For purposes of the preceding sen-  
7 tence, the term ‘motor vehicle’ has the meaning  
8 given such term by section 179A(e)(2).

9 “(b) CREDIT FOR FUELING STATIONS.—

10 “(1) IN GENERAL.—For purposes of section 38,  
11 the natural gas fueling property credit for any tax-  
12 able year is an amount equal to the lesser of—

13 “(A) \$25,000, or

14 “(B) 10 percent of the cost of any quali-  
15 fied natural gas vehicle fueling property placed  
16 in service by the taxpayer during such taxable  
17 year.

18 “(2) QUALIFIED NATURAL GAS VEHICLE FUEL-  
19 ING PROPERTY.—For purposes of this section, the  
20 term ‘qualified natural gas vehicle fueling property’  
21 means any property—

22 “(A) which is placed in service to fuel  
23 motor vehicles propelled by natural gas;

24 “(B) the original use of which commences  
25 with the taxpayer; and

1           “(C) which is of a character subject to the  
2 allowance for depreciation.

3           “(3) TERMINATION.—This subsection shall not  
4 apply to property placed in service after the first cal-  
5 endar year after the termination year (as defined in  
6 subsection (a)(4)).

7           “(c) CREDIT FOR NATURAL GAS USED AS A TRANS-  
8 PORTATION FUEL.—

9           “(1) IN GENERAL.—For purposes of section 38,  
10 the natural gas motor fuel credit for any taxable  
11 year is an amount equal to—

12                   “(A) 25 cents per gallon of liquefied natu-  
13 ral gas, and

14                   “(B) 25 cents per gasoline gallon equiva-  
15 lent (as determined by the National Conference  
16 on Weights and Measures) of compressed natu-  
17 ral gas,

18 used during such taxable year by the taxpayer as a  
19 fuel to propel a qualified natural gas vehicle.

20           “(2) TERMINATION.—This subsection shall not  
21 apply to fuel used after the first calendar year after  
22 the termination year (as defined in subsection  
23 (a)(4)).

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

1           “(1) QUALIFIED NATURAL GAS VEHICLE.—The  
2 term ‘qualified natural gas vehicle’ means any motor  
3 vehicle (as defined in section 179A(e)(2)) fueled by  
4 natural gas if—

5           “(A) such vehicle—

6           “(i) is used in a trade or business by  
7 the taxpayer as part of a fleet consisting of  
8 at least 5 motor vehicles which are so  
9 used, or

10           “(ii) consumes at least 1,500 gasoline  
11 gallon equivalents of natural gas per year;  
12 and

13           “(B) the original use of such vehicle com-  
14 mences with the taxpayer.

15           “(2) NATURAL GAS.—The term ‘natural gas’  
16 means compressed natural gas and liquefied natural  
17 gas.

18           “(e) SPECIAL RULES.—

19           “(1) COORDINATION WITH SECTION 179A.—The  
20 cost otherwise taken into account under section  
21 179A with respect to any property shall be reduced  
22 by the amount of the credit allowed under this sec-  
23 tion with respect to such cost.

24           “(2) CERTAIN RULES TO APPLY.—Rules similar  
25 to the rules of subsection (a)(2), and paragraphs

1 (3), (4), (5), and (6) of subsection (e), of section  
2 179A shall apply for purposes of subsections (a) and  
3 (b).

4 “(f) BENEFITS FOR TAX-EXEMPT ENTITIES.—In the  
5 case of a tax-exempt entity—

6 “(1) section 38(c) shall not apply to any credit  
7 determined under this section, and

8 “(2) the credits determined under this section  
9 shall be treated for purposes of this title (other than  
10 section 38, this subpart, and chapter 63) as allowed  
11 under section 34 and not by section 38.

12 For purposes of this subsection, the term ‘tax-exempt en-  
13 tity’ means an entity described in clause (i) or (ii) of sec-  
14 tion 168(h)(2)(A).”

15 (b) CONFORMING AMENDMENTS.—

16 (1) Subsection (b) of section 38 of such Code  
17 is amended by striking “plus” at the end of para-  
18 graph (11), by striking the period at the end of  
19 paragraph (12) and inserting a comma, and by add-  
20 ing at the end the following new paragraphs:

21 “(13) the natural gas vehicle property credit de-  
22 termined under section 45D(a),

23 “(14) the natural gas fueling property credit  
24 determined under section 45D(b), plus

1           “(15) the natural gas motor fuel credit deter-  
2           mined under section 45D(c).”

3           (2) The table of sections for subpart D of part  
4           IV of subchapter A of chapter 1 of such Code is  
5           amended by adding at the end the following new  
6           item:

                  “Sec. 45D. Credits related to natural gas vehicles.”

7           (c) EFFECTIVE DATE.—The amendments made by  
8           this section shall take effect on the date of the enactment  
9           of this Act.

10 **SEC. 302. EXCISE TAXATION OF LIQUEFIED NATURAL GAS.**

11           (a) IN GENERAL.—Paragraph (3) of section 4041(a)  
12           of the Internal Revenue Code of 1986 is amended to read  
13           as follows:

14           “(3) COMPRESSED OR LIQUEFIED NATURAL  
15           GAS.—

16                   “(A) IN GENERAL.—There is hereby im-  
17                   posed a tax on compressed or liquefied natural  
18                   gas—

19                           “(i) sold by any person to an owner,  
20                           lessee, or other operator of a motor vehicle  
21                           or motorboat for use as a fuel in such  
22                           motor vehicle or motorboat, or

23                           “(ii) used by any person as a fuel in  
24                           a motor vehicle or motorboat unless there



1           was a taxable sale of such gas under clause  
2           (i).

3           The rate of the tax imposed by this paragraph  
4           shall be 48.54 cents per MCF (determined at  
5           standard temperature and pressure) in the case  
6           of compressed natural gas and 3.54 cents per  
7           gallon in the case of liquefied natural gas.”

8           (b) CONFORMING AMENDMENT.—Paragraph (2) of  
9           section 4041(a) of such Code is amended by striking  
10          “(other” and all that follows through “4081)” and insert-  
11          ing “(other than liquefied natural gas, kerosene, gas oil,  
12          or fuel oil, or any product taxable under section 4081)”.

13          (c) EFFECTIVE DATE.—The amendments made by  
14          this section shall take effect on the date of the enactment  
15          of this Act.

16   **SEC. 303. SHORTER DEPRECIATION RECOVERY PERIODS**  
17                           **FOR NATURAL GAS VEHICLES AND REFUEL-**  
18                           **ING PROPERTY.**

19          (a) VEHICLES TREATED AS 3-YEAR PROPERTY.—

20                  (1) Subparagraph (A) of section 168(e)(3) of  
21                  the Internal Revenue Code of 1986 is amended by  
22                  striking “and” at the end of clause (i), by striking  
23                  the period at the end of clause (ii) and inserting “,  
24                  and”, and by adding at the end the following new  
25                  clause:

1                   “(iii) any automobile, general purpose  
2                   truck, or bus which is fueled in whole or  
3                   in part by compressed natural gas or lique-  
4                   fied natural gas.”

5                   (2) Subparagraph (A) of section 280F(a)(1) of  
6                   such Code is amended by adding at the end the fol-  
7                   lowing flush sentence:

8                   “The preceding sentence shall not apply to any pas-  
9                   senger automobile described in section  
10                  168(e)(3)(A)(iii).”

11                  (b) REFUELING PROPERTY TREATED AS 7-YEAR  
12                  PROPERTY.—Subparagraph (C) of section 168(e)(3) of  
13                  such Code is amended—

14                   (1) by striking “and” at the end of clause (i),

15                   (2) by redesignating clause (ii) as clause (iii),

16                  and

17                   (3) by inserting after clause (i) the following  
18                  new clause:

19                   “(ii) any qualified clean-fuel vehicle  
20                   refueling property (as defined in section  
21                   179(d)), and”.

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.

1                   **TITLE IV—REVISION OF**  
2                   **PURCHASE MANDATES**

3 **SEC. 401. STATEMENT OF POLICY.**

4           It is the policy of the United States that—

5                   (1) a viable, sustainable market for natural gas  
6                   and other low emission vehicles requires cooperative  
7                   efforts by and among fleet operators and other  
8                   users, fuel providers, and vehicle manufacturers;

9                   (2) government mandates requiring private sec-  
10                  tor fleet purchases do not support such cooperative  
11                  efforts;

12                  (3) the low-emission vehicle market should be  
13                  based on voluntary, economically sound decisions;  
14                  and

15                  (4) market-oriented incentives can provide an  
16                  appropriate and effective means for developing a  
17                  self-sustaining market for such vehicles and fuels.

18 **SEC. 402. REVISION OF MANDATE AUTHORITIES.**

19           (a) **REPEAL OF PRIVATE FLEET MANDATES.**—Ex-  
20           cept as provided in subsection (c), section 507 of the En-  
21           ergy Policy Act of 1992 (42 U.S.C. 13257) is repealed.

22           (b) **SUNSET OF FUEL PROVIDER MANDATE.**—Sec-  
23           tion 501(a)(1)(D) of the Energy Policy Act of 1992 (42  
24           U.S.C. 13251(a)(1)(D)), relating to acquisitions for model

1 year 1999 and thereafter, is amended by striking “and  
2 thereafter”.

3 (c) SUNSET OF STATE FLEET MANDATE.—Sub-  
4 section (a) of this section shall apply, in the case of State  
5 fleets, beginning with respect to model year 2000.

6 **SEC. 403. TECHNICAL AND CONFORMING AMENDMENTS.**

7 (a) SECTION 501.—(1) Section 501(b) of the Energy  
8 Policy Act of 1992 (42 U.S.C. 13251(b)) is amended by  
9 striking “and thereafter” and inserting in lieu thereof  
10 “through 1999”.

11 (2) Section 501 of the Energy Policy Act of 1992  
12 (42 U.S.C. 13251) is amended by adding at the end the  
13 following new subsection:

14 “(e) CONVERSIONS.—Nothing in this title or the  
15 amendments made by this title shall require a fleet owner  
16 to acquire conversion vehicles.”.

17 (b) SECTION 504.—Section 504(c) of the Energy Pol-  
18 icy Act of 1992 (42 U.S.C. 13254(c)) is amended to read  
19 as follows:

20 “(c) LIMITATIONS ON AUTHORITY.—The Secretary  
21 shall have no authority under this Act—

22 “(1) to mandate the production of alternative  
23 fueled vehicles;



1           “(1) fuel suppliers to make available to the  
2 public replacement fuels, including providing for the  
3 construction or availability of related fuel delivery  
4 systems;

5           “(2) suppliers of alternative fueled vehicles to  
6 make available to the public alternative fueled vehi-  
7 cles and to ensure the availability of necessary relat-  
8 ed services; and

9           “(3) motor vehicle owners to use replacement  
10 fuels,

11 to the extent necessary to achieve the goals of replacement  
12 fuel use established in this title and to ensure that the  
13 availability of alternative fuels and of alternative fueled  
14 vehicles are consistent with each other.”.

15           (e) SECTION 510.—Section 510 of the Energy Policy  
16 Act of 1992 (42 U.S.C. 13260) is amended—

17           (1) by striking “(a) IN GENERAL.—”; and

18           (2) by striking subsection (b).

19 **TITLE V—FEDERAL TRANSIT IN-**  
20 **CENTIVES FOR NATURAL GAS**  
21 **VEHICLES**

22 **SEC. 501. FINDING.**

23           Section 5301(b) of title 49, United States Code, is  
24 amended—

1           (1) by striking “and” at the end of paragraph  
2           (8);

3           (2) by redesignating paragraph (9) as para-  
4           graph (10); and

5           (3) by inserting after paragraph (8) the follow-  
6           ing:

7           “(9) the financial assistance provided under  
8           this chapter reflects the Government’s commitment  
9           to increase the use of natural gas and alternative  
10          fuels as transportation fuels, particularly in trans-  
11          portation management areas seeking to increase air  
12          quality; and”.

13 **SEC. 502. DEFINITIONS.**

14          Section 5302(a) of title 49, United States Code, is  
15          amended—

16           (1) by redesignating paragraphs (1) through  
17           (13) as paragraphs (2) through (14), respectively;

18           (2) by inserting before paragraph (2), as redesi-  
19           gnated by paragraph (1) of this section, the follow-  
20           ing:

21           “(1) ‘alternative fuel’ and ‘alternative fueled ve-  
22           hicle’ have the meanings given such terms in section  
23           301 of the Energy Policy Act of 1992.”;

1           (3) by redesignating paragraphs (9) through  
2           (14), as redesignated by paragraph (1) of this sec-  
3           tion, as paragraphs (12) through (17), respectively;

4           (4) by inserting after paragraph (8), as redesign-  
5           ated by paragraph (1) of this section, the following:

6           “(9) ‘natural gas’ includes compressed natural  
7           gas and liquified natural gas.

8           “(10) ‘natural gas fueling station’ means any  
9           property or equipment necessary to dispense natural  
10          gas as a vehicular fuel.

11          “(11) ‘natural gas vehicle’ means a vehicle that  
12          will operate on—

13                 “(A) natural gas alone;

14                 “(B) natural gas mixed in combination  
15                 with another fuel in a dual-fuel configuration;  
16                 or

17                 “(C) natural gas or another fuel (but not  
18                 in combination) in a bifuel configuration.”;

19          (5) by redesignating paragraph (17), as redesign-  
20          ated by paragraph (3) of this section, as paragraph  
21          (18); and

22          (6) by inserting after paragraph (16), as redesi-  
23          gnated by paragraph (3) of this section, the follow-  
24          ing:



1           “(17) ‘ULEV-certified alternative fueled vehi-  
2           cle’ and ‘ULEV-certified alternative fueled bus’  
3           mean a vehicle or bus that operates on alternative  
4           fuel and has been certified by the California Air Re-  
5           sources Board or the Environmental Protection  
6           Agency as meeting the current Ultra-Low Emission  
7           Vehicle standard, as established by the California  
8           Air Resources Board or the Environmental Protec-  
9           tion Agency.”.

10 **SEC. 503. FACTORS IN METROPOLITAN PLANNING.**

11           Section 5303(b) of title 49, United States Code, is  
12 amended by adding at the end the following:

13           “(16) the opportunities that the metropolitan  
14           planning organization has to stimulate the use of  
15           natural gas vehicles and ULEV-certified alternative  
16           fueled vehicles and the installation of a fueling infra-  
17           structure to support such vehicles.”.

18 **SEC. 504. RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROJECTS.**

19           Section 5312(b)(1) of title 49, United States Code,  
20 is amended—

21           (1) by striking “and” at the end of subpara-  
22           graph (E);

23           (2) by redesignating subparagraph (F) as sub-  
24           paragraph (G); and  
25

1           (3) by inserting after subparagraph (E) the fol-  
2           lowing:

3                   “(F) the relationship between environ-  
4                   mental policy and transportation policy, par-  
5                   ticularly the potential applications for natural  
6                   gas vehicles and ULEV-certified alternative  
7                   fueled vehicles in urban settings; and”.

8   **SEC. 505. ENVIRONMENTAL FACTORS RELATED TO FUND-**  
9                   **ING FOR BUSES.**

10          Section 5323 of title 49, United States Code, is  
11          amended by adding at the end the following:

12          “(m) **FUNDING FOR NEW NATURAL GAS BUSES AND**  
13          **RELATED PROPERTY AND EQUIPMENT.**—A Government  
14          grant for a project to be assisted under this chapter that  
15          involves acquiring buses powered by natural gas, or any  
16          ULEV-certified alternative fueled bus, and all real prop-  
17          erty or equipment related to the fueling thereof, shall not  
18          be less than 90 percent of the cost of the project.”.

1 **TITLE VI—GOVERNMENT CON-**  
2 **TRACT INCENTIVES FOR NAT-**  
3 **URAL GAS VEHICLES**

4 **SEC. 601. PREFERENCE FOR CONTRACTORS USING NATU-**  
5 **RAL GAS VEHICLES.**

6 (a) ARMED SERVICES ACQUISITIONS.—(1) Chapter  
7 141 of title 10, United States Code, is amended by insert-  
8 ing after section 2398 the following new section:

9 **“§ 2398a. Preference for contractors using natural**  
10 **gas vehicles**

11 “(a) PREFERENCE FOR CONTRACTORS.—In entering  
12 into contracts with private entities for the procurement of  
13 goods or services, the Secretary of Defense shall give a  
14 preference to entities that use, to the maximum extent  
15 practicable, either of the following:

16 “(1) Motor vehicles that operate on natural gas.

17 “(2) Motor vehicles that—

18 “(A) operate on alternative fuel (as defined  
19 in section 301 of the Energy Policy Act of 1992  
20 (42 U.S.C. 13211); and

21 “(B) are certified by the California Air Re-  
22 sources Board or by the Administrator of the  
23 Environmental Protection Agency as meeting

1 the ultra-low emission vehicle standard estab-  
2 lished by the California Air Resources Board or  
3 the Environmental Protection Agency.

4 “(b) REQUIREMENT TO APPLY PREFERENCE TO  
5 SUBCONTRACTORS.—The Secretary of Defense shall re-  
6 quire an entity with which the Department of Defense has  
7 entered into a contract for the procurement of goods or  
8 services to give a preference, in entering into subcontracts  
9 to carry out such contract, to entities that use, to the max-  
10 imum extent practicable, motor vehicles described in sub-  
11 section (a).”.

12 (2) The table of sections at the beginning of such  
13 chapter is amended by inserting after the item relating  
14 to section 2398 the following new item:

“2398a. Preference for contractors using natural gas vehicles.”.

15 (b) CIVILIAN AGENCY ACQUISITIONS.—Title III of  
16 the Federal Property and Administrative Services Act of  
17 1949 (41 U.S.C. 251 et seq.) is amended by adding at  
18 the end the following new section:

19 **“SEC. 317. PREFERENCE FOR CONTRACTORS USING NATU-  
20 RAL GAS VEHICLES.**

21 “(a) PREFERENCE FOR CONTRACTORS.—In entering  
22 into contracts with private entities for the procurement of  
23 goods or services, an executive agency shall give a pref-  
24 erence to entities that use, to the maximum extent prac-  
25 ticable, either of the following:

1 “(1) Motor vehicles that operate on natural gas.

2 “(2) Motor vehicles that—

3 “(A) operate on alternative fuel (as defined  
4 in section 301 of the Energy Policy Act of 1992  
5 (42 U.S.C. 13211); and

6 “(B) are certified by the California Air Re-  
7 sources Board or by the Administrator of the  
8 Environmental Protection Agency as meeting  
9 the ultra-low emission vehicle standard estab-  
10 lished by the California Air Resources Board or  
11 the Environmental Protection Agency.

12 “(b) REQUIREMENT OF APPLY PREFERENCE TO  
13 SUBCONTRACTORS.—The head of an executive agency  
14 shall require an entity with which the executive agency has  
15 entered into a contract for the procurement of goods or  
16 services to give a preference, in entering into subcontracts  
17 to carry out such contract, to entities that use, to the max-  
18 imum extent practicable, motor vehicles described in sub-  
19 section (a).”.

20 (2) The table of sections in section 1 of such Act is  
21 amended by inserting after the item relating to section  
22 316 the following new item:

“317. Preference for contractors using natural gas vehicles.”.

1 (c) EFFECTIVE DATE.—Section 2398a of title 10,  
2 United States Code, as added by subsection (a), and sec-  
3 tion 317 of the Federal Property and Administrative Serv-  
4 ices Act of 1949, as added by subsection (b), shall apply  
5 with respect to contracts entered into after the expiration  
6 of the 60-day period beginning on the date of the enact-  
7 ment of this Act.

8 **TITLE VII—RESEARCH, DEVEL-**  
9 **OPMENT, AND DEMONSTRA-**  
10 **TION INCENTIVES FOR NATU-**  
11 **RAL GAS VEHICLES**

12 **SEC. 701. NATURAL GAS VEHICLE RESEARCH, DEVELOP-**  
13 **MENT, AND DEMONSTRATION PROJECTS AT**  
14 **THE DEPARTMENT OF ENERGY.**

15 (a) NATURAL GAS VEHICLE RESEARCH, DEVELOP-  
16 MENT, AND DEMONSTRATION PROGRAM.—(1) The Sec-  
17 retary of Energy shall conduct a 5-year program, in ac-  
18 cordance with sections 3001 and 3002 of the Energy Pol-  
19 icy Act of 1992, of natural gas vehicle research, develop-  
20 ment, and demonstration.

21 (2) The natural gas vehicle program conducted pur-  
22 suant to this section shall include activities relating to—  
23 (A) onboard storage of both compressed natural  
24 gas and liquified natural gas for vehicular use, in-  
25 cluding high-strength materials, low-cost carbon

1 fiber, low-cost manufacturing processes, and ad-  
 2 vanced concepts;

3 (B) engine design for cycle optimization for me-  
 4 dium-duty and heavy-duty vehicles in—

5 (i) compression ignition and dual-fuel cy-  
 6 cles; and

7 (ii) exhaust after treatment; and

8 (C) fuel dispensing for low-cost metering, tech-  
 9 nical and cryogenic fueling devices, and fuel condi-  
 10 tioning.

11 (b) COOPERATION WITH INDUSTRY.—In developing  
 12 the program pursuant to this section, the Secretary of En-  
 13 ergy shall consult with the natural gas vehicle industry  
 14 to ensure cooperation between the public sector and the  
 15 private sector.

## 16 **TITLE VIII—MINIMUM DISTANCE**

### 17 **SEC. 801. MINIMUM DISTANCE.**

18 Section 32901(c)(2) of title 49, United States Code,  
 19 is amended by adding at the end the following new sub-  
 20 paragraph;

21 “(D) Notwithstanding subparagraphs (A) and (B), in  
 22 the case of dual fueled automobiles capable of operating  
 23 on natural gas, the minimum driving range shall be 100  
 24 miles.”.

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