

108TH CONGRESS  
1ST SESSION

# H. R. 1054

To amend the Internal Revenue Code of 1986 to encourage and accelerate the nationwide production, retail sale, and consumer use of new motor vehicles that are powered by fuel cell technology, hybrid technology, battery electric technology, alternative fuels, or other advanced motor vehicle technologies, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2003

Mr. CAMP (for himself, Mrs. BONO, and Mr. RAMSTAD) 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 encourage and accelerate the nationwide production, retail sale, and consumer use of new motor vehicles that are powered by fuel cell technology, hybrid technology, battery electric technology, alternative fuels, or other advanced motor vehicle technologies, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

3        **SECTION 1. SHORT TITLE; ETC.**

4        (a) SHORT TITLE.—This Act may be cited as the  
5        “Clean Efficient Automobiles Resulting From Advanced  
6        Car Technologies (CLEAR ACT) Act of 2003”.

1 (b) AMENDMENT OF 1986 CODE.—Except as other-  
2 wise expressly provided, whenever in this division an  
3 amendment or repeal is expressed in terms of an amend-  
4 ment to, or repeal of, a section or other provision, the ref-  
5 erence shall be considered to be made to a section or other  
6 provision of the Internal Revenue Code of 1986.

7 (c) TABLE OF CONTENTS.—The table of contents for  
8 this Act is as follows:

Sec. 1. Short title; etc.

Sec. 2. Findings and purposes.

Sec. 3. Alternative motor vehicle credit.

Sec. 4. Modification of credit for qualified electric vehicles.

Sec. 5. Credit for installation of alternative fueling stations.

Sec. 6. Credit for retail sale of alternative fuels as motor vehicle fuel.

Sec. 7. Study of effectiveness of certain provisions by GAO.

## 9 **SEC. 2. FINDINGS AND PURPOSES.**

10 (a) FINDINGS.—Congress finds the following:

11 (1) The United States is a large and diverse ge-  
12 ographic area that includes densely populated urban  
13 and suburban areas along with large sparsely popu-  
14 lated rural areas separated by long distances, and,  
15 as a result, Americans require reliable, efficient, and  
16 diversified modes of transportation.

17 (2) According to the Energy Information Ad-  
18 ministration’s (referred to in this section as the  
19 “EIA”) March 2000 publication “International En-  
20 ergy Outlook”, oil currently provides a larger share  
21 of world energy consumption than any other energy  
22 source and most of the growth in oil consumption in

1 industrialized countries, including the United States,  
2 is projected for the transportation sector, where few  
3 alternatives are currently economical.

4 (3) To meet all its national security, economic  
5 development, and public health and welfare needs,  
6 the United States depends on oil as the primary fuel  
7 source for the transportation of people and goods  
8 and services in intrastate and interstate commerce.

9 (4) Since 1994, the United States has imported  
10 over 50 percent of the oil it has consumed and the  
11 EIA expects North American petroleum imports  
12 from the Persian Gulf to more than double over the  
13 forecast period of 1997–2020, with additional im-  
14 ports from offshore Atlantic Basin producers and re-  
15 finers; this increasingly heavy reliance on imported  
16 oil presents national security risks, contributes nega-  
17 tively to the balance of trade of the United States,  
18 and adversely affects the United States economy,  
19 public health, and the environment.

20 (5) The United States currently has 121 areas  
21 containing over a third of its population that do not  
22 meet the National Ambient Air Quality Standards  
23 resulting in losses of many billions of dollars in extra  
24 economic costs and lost opportunities, immeasurable

1 health problems, and a general reduction in the  
2 quality of life for millions of Americans.

3 (6) Mobile sources have become a top cause of  
4 emissions in the United States.

5 (7) This heavy reliance on imported oil and fail-  
6 ure to meet the National Ambient Air Quality  
7 Standards demonstrate the need to accelerate devel-  
8 opment of advanced fuel cell technology, hybrid tech-  
9 nology, battery electric technology, and alternative  
10 fuels technology for new motor vehicles in the trans-  
11 portation of people and goods and services as an im-  
12 portant means of helping to reverse the trends of in-  
13 creasing dependence on oil imports and non-attain-  
14 ment of air quality standards, contributing to less-  
15 ening national security risks, improving our balance  
16 of trade with other nations, increasing economic  
17 growth, improving health and quality of life for mil-  
18 lions of Americans, and providing public health, wel-  
19 fare, and economic benefits.

20 (8) Despite the availability of significant Fed-  
21 eral and private sector funds and programs to en-  
22 courage technological advancement for the develop-  
23 ment and use of motor vehicles that are powered by  
24 fuel cell and hybrid technologies, battery electric  
25 technology, and alternative technologies, consumer

1 acceptance of such vehicles and fuels has been re-  
2 strained by 3 major barriers—the increased costs of  
3 these technologies, the cost of alternative fuels, and  
4 the lack of adequate infrastructure to refuel the al-  
5 ternative-fueled vehicles.

6 (b) PURPOSES.—The purposes of this Act are to—

7 (1) help instill consumer confidence and accept-  
8 ance of alternative motor vehicles by lowering the 3  
9 major barriers to this confidence and acceptance;

10 (2) enable the accelerated introduction into the  
11 marketplace of new motor vehicle technologies with-  
12 out adverse emission impact, while retaining a policy  
13 of fuel neutrality in order to foster private innova-  
14 tion and commercialization and allow market forces  
15 to decide the technologies and fuels that are con-  
16 sumer-friendly, safe, environmentally sound, and  
17 economic;

18 (3) provide, for a limited time period, financial  
19 incentives to encourage consumers nationwide to  
20 purchase or lease new fuel cell, hybrid, battery elec-  
21 tric, and alternative fuel motor vehicles;

22 (4) increase demand of such vehicles so as to  
23 make the annual production by manufacturers and  
24 retail sale of such vehicles economically and commer-  
25 cially viable for the consumer;

1           (5) promote and expand the use of such vehicles  
2 nationwide; and

3           (6) promote a nationwide diversity of motor ve-  
4 hicle fuels for advanced and hybrid technology and  
5 alternatively fueled motor vehicles.

6 **SEC. 3. ALTERNATIVE MOTOR VEHICLE CREDIT.**

7           (a) IN GENERAL.—Subpart B of part IV of sub-  
8 chapter A of chapter 1 (relating to foreign tax credit, etc.)  
9 is amended by adding at the end the following new section:

10 **“SEC. 30B. ALTERNATIVE MOTOR VEHICLE CREDIT.**

11           “(a) ALLOWANCE OF CREDIT.—There shall be al-  
12 lowed as a credit against the tax imposed by this chapter  
13 for the taxable year an amount equal to the sum of—

14           “(1) the new qualified fuel cell motor vehicle  
15 credit determined under subsection (b),

16           “(2) the new qualified hybrid motor vehicle  
17 credit determined under subsection (c), and

18           “(3) the new qualified alternative fuel motor ve-  
19 hicle credit determined under subsection (d).

20           “(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE  
21 CREDIT.—

22           “(1) IN GENERAL.—For purposes of subsection  
23 (a), the new qualified fuel cell motor vehicle credit  
24 determined under this subsection with respect to a

1 new qualified fuel cell motor vehicle placed in service  
2 by the taxpayer during the taxable year is—

3 “(A) \$8,000 (\$4,000 in the case of vehicles  
4 placed in service after December 31, 2008), if  
5 such vehicle has a gross vehicle weight rating of  
6 not more than 8,500 pounds,

7 “(B) \$10,000, if such vehicle has a gross  
8 vehicle weight rating of more than 8,500  
9 pounds but not more than 14,000 pounds,

10 “(C) \$20,000, if such vehicle has a gross  
11 vehicle weight rating of more than 14,000  
12 pounds but not more than 26,000 pounds, and

13 “(D) \$40,000, if such vehicle has a gross  
14 vehicle weight rating of more than 26,000  
15 pounds.

16 “(2) INCREASE FOR FUEL EFFICIENCY.—

17 “(A) IN GENERAL.—The amount deter-  
18 mined under paragraph (1)(A) with respect to  
19 a new qualified fuel cell motor vehicle which is  
20 a passenger automobile or light truck shall be  
21 increased by—

22 “(i) \$1,000, if such vehicle achieves at  
23 least 150 percent but less than 175 per-  
24 cent of the 2002 model year city fuel econ-  
25 omy,

1           “(ii) \$1,500, if such vehicle achieves  
2           at least 175 percent but less than 200 per-  
3           cent of the 2002 model year city fuel econ-  
4           omy,

5           “(iii) \$2,000, if such vehicle achieves  
6           at least 200 percent but less than 225 per-  
7           cent of the 2002 model year city fuel econ-  
8           omy,

9           “(iv) \$2,500, if such vehicle achieves  
10          at least 225 percent but less than 250 per-  
11          cent of the 2002 model year city fuel econ-  
12          omy,

13          “(v) \$3,000, if such vehicle achieves  
14          at least 250 percent but less than 275 per-  
15          cent of the 2002 model year city fuel econ-  
16          omy,

17          “(vi) \$3,500, if such vehicle achieves  
18          at least 275 percent but less than 300 per-  
19          cent of the 2002 model year city fuel econ-  
20          omy, and

21          “(vii) \$4,000, if such vehicle achieves  
22          at least 300 percent of the 2002 model  
23          year city fuel economy.

24          “(B) 2002 MODEL YEAR CITY FUEL ECON-  
25          OMY.—For purposes of subparagraph (A), the



1           2002 model year city fuel economy with respect  
 2           to a vehicle shall be determined in accordance  
 3           with the following tables:

4                           “(i) In the case of a passenger auto-  
 5                           mobile:

<b>“If vehicle inertia weight class is:</b>	<b>The 2002 model year city fuel economy is:</b>
1,500 or 1,750 lbs .....	45.2 mpg
2,000 lbs .....	39.6 mpg
2,250 lbs .....	35.2 mpg
2,500 lbs .....	31.7 mpg
2,750 lbs .....	28.8 mpg
3,000 lbs .....	26.4 mpg
3,500 lbs .....	22.6 mpg
4,000 lbs .....	19.8 mpg
4,500 lbs .....	17.6 mpg
5,000 lbs .....	15.9 mpg
5,500 lbs .....	14.4 mpg
6,000 lbs .....	13.2 mpg
6,500 lbs .....	12.2 mpg
7,000 to 8,500 lbs .....	11.3 mpg.

6                           “(ii) In the case of a light truck:

<b>“If vehicle inertia weight class is:</b>	<b>The 2002 model year city fuel economy is:</b>
1,500 or 1,750 lbs .....	39.4 mpg
2,000 lbs .....	35.2 mpg
2,250 lbs .....	31.8 mpg
2,500 lbs .....	29.0 mpg
2,750 lbs .....	26.8 mpg
3,000 lbs .....	24.9 mpg
3,500 lbs .....	21.8 mpg
4,000 lbs .....	19.4 mpg
4,500 lbs .....	17.6 mpg
5,000 lbs .....	16.1 mpg
5,500 lbs .....	14.8 mpg
6,000 lbs .....	13.7 mpg
6,500 lbs .....	12.8 mpg
7,000 to 8,500 lbs .....	12.1 mpg.

7                           “(C) VEHICLE INERTIA WEIGHT CLASS.—

8           For purposes of subparagraph (B), the term  
 9           ‘vehicle inertia weight class’ has the same  
 10          meaning as when defined in regulations pre-

1           scribed by the Administrator of the Environ-  
2           mental Protection Agency for purposes of the  
3           administration of title II of the Clean Air Act  
4           (42 U.S.C. 7521 et seq.).

5           “(3) NEW QUALIFIED FUEL CELL MOTOR VEHI-  
6           CLE.—For purposes of this subsection, the term  
7           ‘new qualified fuel cell motor vehicle’ means a motor  
8           vehicle—

9                   “(A) which is propelled by power derived  
10                  from one or more cells which convert chemical  
11                  energy directly into electricity by combining ox-  
12                  ygen with hydrogen fuel which is stored on  
13                  board the vehicle in any form and may or may  
14                  not require reformation prior to use,

15                  “(B) which, in the case of a passenger  
16                  automobile or light truck—

17                          “(i) for 2002 and later model vehicles,  
18                          has received a certificate of conformity  
19                          under the Clean Air Act and meets or ex-  
20                          ceeds the equivalent qualifying California  
21                          low emission vehicle standard under sec-  
22                          tion 243(e)(2) of the Clean Air Act for  
23                          that make and model year, and

24                          “(ii) for 2004 and later model vehi-  
25                          cles, has received a certificate that such ve-

1           hicle meets or exceeds the Bin 5 Tier II  
2           emission level established in regulations  
3           prescribed by the Administrator of the En-  
4           vironmental Protection Agency under sec-  
5           tion 202(i) of the Clean Air Act for that  
6           make and model year vehicle,

7           “(C) the original use of which commences  
8           with the taxpayer,

9           “(D) which is acquired for use or lease by  
10          the taxpayer and not for resale, and

11          “(E) which is made by a manufacturer.

12          “(c) NEW QUALIFIED HYBRID MOTOR VEHICLE  
13          CREDIT.—

14                 “(1) IN GENERAL.—For purposes of subsection  
15                 (a), the new qualified hybrid motor vehicle credit de-  
16                 termined under this subsection with respect to a new  
17                 qualified hybrid motor vehicle placed in service by  
18                 the taxpayer during the taxable year is the credit  
19                 amount determined under paragraph (2).

20                 “(2) CREDIT AMOUNT.—

21                         “(A) IN GENERAL.—The credit amount de-  
22                         termined under this paragraph shall be deter-  
23                         mined in accordance with the following tables:

24                                 “(i) In the case of a new qualified hy-  
25                                 brid motor vehicle which is a passenger

1 automobile, medium duty passenger vehi-  
 2 cle, or light truck and which provides the  
 3 following percentage of the maximum  
 4 available power:

<b>“If percentage of the maximum available power is:</b>	<b>The credit amount is:</b>
At least 5 percent but less than 10 percent .....	\$250
At least 10 percent but less than 20 percent .....	\$500
At least 20 percent but less than 30 percent .....	\$750
At least 30 percent .....	\$1,000.

5 “(ii) In the case of a new qualified hy-  
 6 brid motor vehicle which is a heavy duty  
 7 hybrid motor vehicle and which provides  
 8 the following percentage of the maximum  
 9 available power:

10 “(I) If such vehicle has a gross  
 11 vehicle weight rating of not more than  
 12 14,000 pounds:

<b>“If percentage of the maximum available power is:</b>	<b>The credit amount is:</b>
At least 20 percent but less than 30 percent .....	\$1,000
At least 30 percent but less than 40 percent .....	\$1,750
At least 40 percent but less than 50 percent .....	\$2,000
At least 50 percent but less than 60 percent .....	\$2,250
At least 60 percent .....	\$2,500.

13 “(II) If such vehicle has a gross  
 14 vehicle weight rating of more than  
 15 14,000 but not more than 26,000  
 16 pounds:

<b>“If percentage of the maximum available power is:</b>	<b>The credit amount is:</b>
At least 20 percent but less than 30 percent .....	\$4,000
At least 30 percent but less than 40 percent .....	\$4,500
At least 40 percent but less than 50 percent .....	\$5,000

**“If percentage of the maximum available power is:**

**The credit amount is:**

At least 50 percent but less than 60 percent .....	\$5,500
At least 60 percent .....	\$6,000.

1                                   “(III) If such vehicle has a gross  
 2                                   vehicle weight rating of more than  
 3                                   26,000 pounds:

**“If percentage of the maximum available power is:**

**The credit amount is:**

At least 20 percent but less than 30 percent .....	\$6,000
At least 30 percent but less than 40 percent .....	\$7,000
At least 40 percent but less than 50 percent .....	\$8,000
At least 50 percent but less than 60 percent .....	\$9,000
At least 60 percent .....	\$10,000.

4                                   “(B) INCREASE FOR FUEL EFFICIENCY.—

5                                   “(i) AMOUNT.—The amount deter-  
 6                                   mined under subparagraph (A)(i) with re-  
 7                                   spect to a new qualified hybrid motor vehi-  
 8                                   cle which is a passenger automobile or  
 9                                   light truck shall be increased by—

10                                   “(I) \$500, if such vehicle  
 11                                   achieves at least 125 percent but less  
 12                                   than 150 percent of the 2002 model  
 13                                   year city fuel economy,

14                                   “(II) \$1,000, if such vehicle  
 15                                   achieves at least 150 percent but less  
 16                                   than 175 percent of the 2002 model  
 17                                   year city fuel economy,

18                                   “(III) \$1,500, if such vehicle  
 19                                   achieves at least 175 percent but less

1 than 200 percent of the 2002 model  
2 year city fuel economy,

3 “(IV) \$2,000, if such vehicle  
4 achieves at least 200 percent but less  
5 than 225 percent of the 2002 model  
6 year city fuel economy,

7 “(V) \$2,500, if such vehicle  
8 achieves at least 225 percent but less  
9 than 250 percent of the 2002 model  
10 year city fuel economy, and

11 “(VI) \$3,000, if such vehicle  
12 achieves at least 250 percent of the  
13 2002 model year city fuel economy.

14 “(ii) 2002 MODEL YEAR CITY FUEL  
15 ECONOMY.—For purposes of clause (i), the  
16 2002 model year city fuel economy with re-  
17 spect to a vehicle shall be determined on a  
18 gasoline gallon equivalent basis as deter-  
19 mined by the Administrator of the Envi-  
20 ronmental Protection Agency using the ta-  
21 bles provided in subsection (b)(2)(B) with  
22 respect to such vehicle.

23 “(C) INCREASE FOR ACCELERATED EMIS-  
24 SIONS PERFORMANCE.—The amount deter-  
25 mined under subparagraph (A)(ii) with respect

1 to an applicable heavy duty hybrid motor vehi-  
 2 cle shall be increased by the increased credit  
 3 amount determined in accordance with the fol-  
 4 lowing tables:

5 “(i) In the case of a vehicle which has  
 6 a gross vehicle weight rating of not more  
 7 than 14,000 pounds:

<b>“If the model year is:</b>	<b>The increased credit amount is:</b>
2003 .....	\$3,000
2004 .....	\$2,500
2005 .....	\$2,000
2006 .....	\$1,500.

8 “(ii) In the case of a vehicle which  
 9 has a gross vehicle weight rating of more  
 10 than 14,000 pounds but not more than  
 11 26,000 pounds:

<b>“If the model year is:</b>	<b>The increased credit amount is:</b>
2003 .....	\$7,750
2004 .....	\$6,500
2005 .....	\$5,250
2006 .....	\$4,000.

12 “(iii) In the case of a vehicle which  
 13 has a gross vehicle weight rating of more  
 14 than 26,000 pounds:

<b>“If the model year is:</b>	<b>The increased credit amount is:</b>
2003 .....	\$12,000
2004 .....	\$10,000
2005 .....	\$8,000
2006 .....	\$6,000.

15 “(D) DEFINITIONS RELATING TO CREDIT  
 16 AMOUNT.—

1           “(i) APPLICABLE HEAVY DUTY HY-  
2 BRID MOTOR VEHICLE.—For purposes of  
3 subparagraph (C), the term ‘applicable  
4 heavy duty hybrid motor vehicle’ means a  
5 heavy duty hybrid motor vehicle which is  
6 powered by an internal combustion or heat  
7 engine which is certified as meeting the  
8 emission standards set in the regulations  
9 prescribed by the Administrator of the En-  
10 vironmental Protection Agency for 2007  
11 and later model year diesel heavy duty en-  
12 gines, or for 2008 and later model year  
13 ottocycle heavy duty engines, as applicable.

14           “(ii) MAXIMUM AVAILABLE POWER.—

15           “(I) PASSENGER AUTOMOBILE,  
16 MEDIUM DUTY PASSENGER VEHICLE,  
17 OR LIGHT TRUCK.—For purposes of  
18 subparagraph (A)(i), the term ‘max-  
19 imum available power’ means the  
20 maximum power available from the re-  
21 chargeable energy storage system,  
22 during a standard 10 second pulse  
23 power or equivalent test, divided by  
24 such maximum power and the SAE  
25 net power of the heat engine.



1                   “(II) HEAVY DUTY HYBRID  
2                   MOTOR VEHICLE.—For purposes of  
3                   subparagraph (A)(ii), the term ‘max-  
4                   imum available power’ means the  
5                   maximum power available from the re-  
6                   chargeable energy storage system,  
7                   during a standard 10 second pulse  
8                   power or equivalent test, divided by  
9                   the vehicle’s total traction power. The  
10                  term ‘total traction power’ means the  
11                  sum of the peak power from the re-  
12                  chargeable energy storage system and  
13                  the heat engine peak power of the ve-  
14                  hicle, except that if such storage sys-  
15                  tem is the sole means by which the ve-  
16                  hicle can be driven, the total traction  
17                  power is the peak power of such stor-  
18                  age system.

19                  “(3) NEW QUALIFIED HYBRID MOTOR VEHI-  
20                  CLE.—For purposes of this subsection, the term  
21                  ‘new qualified hybrid motor vehicle’ means a motor  
22                  vehicle—

23                         “(A) which draws propulsion energy from  
24                         onboard sources of stored energy which are  
25                         both—

1           “(i) an internal combustion or heat  
2           engine using combustible fuel, and

3           “(ii) a rechargeable energy storage  
4           system,

5           “(B) which, in the case of a passenger  
6           automobile, medium duty passenger vehicle, or  
7           light truck—

8           “(i) for 2002 and later model vehicles,  
9           has received a certificate of conformity  
10          under the Clean Air Act and meets or ex-  
11          ceeds the equivalent qualifying California  
12          low emission vehicle standard under sec-  
13          tion 243(e)(2) of the Clean Air Act for  
14          that make and model year, and

15          “(ii) for 2004 and later model vehi-  
16          cles, has received a certificate that such ve-  
17          hicle meets or exceeds the Bin 5 Tier II  
18          emission level established in regulations  
19          prescribed by the Administrator of the En-  
20          vironmental Protection Agency under sec-  
21          tion 202(i) of the Clean Air Act for that  
22          make and model year vehicle,

23          “(C) which, in the case of a heavy duty hy-  
24          brid motor vehicle, the internal combustion or  
25          heat engine of which has received a certificate

1 of conformity under the Clean Air Act as meet-  
2 ing the emission standards set in the regula-  
3 tions prescribed by the Administrator of the  
4 Environmental Protection Agency for 2004  
5 through 2007 model year diesel heavy duty en-  
6 gines or ottocycle heavy duty engines, as appli-  
7 cable,

8 “(D) the original use of which commences  
9 with the taxpayer,

10 “(E) which is acquired for use or lease by  
11 the taxpayer and not for resale, and

12 “(F) which is made by a manufacturer.

13 “(4) HEAVY DUTY HYBRID MOTOR VEHICLE.—  
14 For purposes of this subsection, the term ‘heavy  
15 duty hybrid motor vehicle’ means a new qualified hy-  
16 brid motor vehicle which has a gross vehicle weight  
17 rating of more than 8,500 pounds. Such term does  
18 not include a medium duty passenger vehicle.

19 “(d) NEW QUALIFIED ALTERNATIVE FUEL MOTOR  
20 VEHICLE CREDIT.—

21 “(1) ALLOWANCE OF CREDIT.—Except as pro-  
22 vided in paragraph (5), the new qualified alternative  
23 fuel motor vehicle credit determined under this sub-  
24 section is an amount equal to the applicable percent-  
25 age of the incremental cost of any new qualified al-

1       ternative fuel motor vehicle placed in service by the  
2       taxpayer during the taxable year.

3               “(2) APPLICABLE PERCENTAGE.—For purposes  
4       of paragraph (1), the applicable percentage with re-  
5       spect to any new qualified alternative fuel motor ve-  
6       hicle is—

7                       “(A) 50 percent, plus

8                       “(B) 30 percent, if such vehicle—

9                               “(i) has received a certificate of con-  
10       formity under the Clean Air Act and meets  
11       or exceeds the most stringent standard  
12       available for certification under the Clean  
13       Air Act for that make and model year vehi-  
14       cle (other than a zero emission standard),  
15       or

16                               “(ii) has received an order certifying  
17       the vehicle as meeting the same require-  
18       ments as vehicles which may be sold or  
19       leased in California and meets or exceeds  
20       the most stringent standard available for  
21       certification under the State laws of Cali-  
22       fornia (enacted in accordance with a waiv-  
23       er granted under section 209(b) of the  
24       Clean Air Act) for that make and model

1           year vehicle (other than a zero emission  
2           standard).

3           For purposes of the preceding sentence, in the case  
4           of any new qualified alternative fuel motor vehicle  
5           which weighs more than 14,000 pounds gross vehicle  
6           weight rating, the most stringent standard available  
7           shall be such standard available for certification in  
8           2002.

9           “(3) INCREMENTAL COST.—For purposes of  
10          this subsection, the incremental cost of any new  
11          qualified alternative fuel motor vehicle is equal to  
12          the amount of the excess of the manufacturer’s sug-  
13          gested retail price for such vehicle over such price  
14          for a gasoline or diesel fuel motor vehicle of the  
15          same model, to the extent such amount does not ex-  
16          ceed—

17                 “(A) \$5,000, if such vehicle has a gross ve-  
18          hicle weight rating of not more than 8,500  
19          pounds,

20                 “(B) \$10,000, if such vehicle has a gross  
21          vehicle weight rating of more than 8,500  
22          pounds but not more than 14,000 pounds,

23                 “(C) \$25,000, if such vehicle has a gross  
24          vehicle weight rating of more than 14,000  
25          pounds but not more than 26,000 pounds, and

1           “(D) \$40,000, if such vehicle has a gross  
2           vehicle weight rating of more than 26,000  
3           pounds.

4           “(4) NEW QUALIFIED ALTERNATIVE FUEL  
5           MOTOR VEHICLE.—For purposes of this sub-  
6           section—

7           “(A) IN GENERAL.—The term ‘new quali-  
8           fied alternative fuel motor vehicle’ means any  
9           motor vehicle—

10           “(i) which is only capable of operating  
11           on an alternative fuel,

12           “(ii) the original use of which com-  
13           mences with the taxpayer,

14           “(iii) which is acquired by the tax-  
15           payer for use or lease, but not for resale,  
16           and

17           “(iv) which is made by a manufac-  
18           turer.

19           “(B) ALTERNATIVE FUEL.—The term ‘al-  
20           ternative fuel’ means compressed natural gas,  
21           liquefied natural gas, liquefied petroleum gas,  
22           hydrogen, and any liquid at least 85 percent of  
23           the volume of which consists of methanol.

24           “(5) CREDIT FOR MIXED-FUEL VEHICLES.—

1           “(A) IN GENERAL.—In the case of a  
2 mixed-fuel vehicle placed in service by the tax-  
3 payer during the taxable year, the credit deter-  
4 mined under this subsection is an amount equal  
5 to—

6           “(i) in the case of a 75/25 mixed-fuel  
7 vehicle, 70 percent of the credit which  
8 would have been allowed under this sub-  
9 section if such vehicle was a qualified alter-  
10 native fuel motor vehicle, and

11           “(ii) in the case of a 90/10 mixed-fuel  
12 vehicle, 90 percent of the credit which  
13 would have been allowed under this sub-  
14 section if such vehicle was a qualified alter-  
15 native fuel motor vehicle.

16           “(B) MIXED-FUEL VEHICLE.—For pur-  
17 poses of this subsection, the term ‘mixed-fuel  
18 vehicle’ means any motor vehicle described in  
19 subparagraph (C) or (D) of paragraph (3),  
20 which—

21           “(i) is certified by the manufacturer  
22 as being able to perform efficiently in nor-  
23 mal operation on a combination of an al-  
24 ternative fuel and a petroleum-based fuel,

25           “(ii) either—

1                   “(I) has received a certificate of  
2                   conformity under the Clean Air Act,  
3                   or

4                   “(II) has received an order certi-  
5                   fying the vehicle as meeting the same  
6                   requirements as vehicles which may be  
7                   sold or leased in California and meets  
8                   or exceeds the low emission vehicle  
9                   standard under section 88.105-94 of  
10                  title 40, Code of Federal Regulations,  
11                  for that make and model year vehicle,

12                  “(iii) the original use of which com-  
13                  mences with the taxpayer,

14                  “(iv) which is acquired by the tax-  
15                  payer for use or lease, but not for resale,  
16                  and

17                  “(v) which is made by a manufac-  
18                  turer.

19                  “(C) 75/25 MIXED-FUEL VEHICLE.—For  
20                  purposes of this subsection, the term ‘75/25  
21                  mixed-fuel vehicle’ means a mixed-fuel vehicle  
22                  which operates using at least 75 percent alter-  
23                  native fuel and not more than 25 percent petro-  
24                  leum-based fuel.



1           “(D) 90/10 MIXED-FUEL VEHICLE.—For  
2           purposes of this subsection, the term ‘90/10  
3           mixed-fuel vehicle’ means a mixed-fuel vehicle  
4           which operates using at least 90 percent alter-  
5           native fuel and not more than 10 percent petro-  
6           leum-based fuel.

7           “(e) APPLICATION WITH OTHER CREDITS.—The  
8           credit allowed under subsection (a) for any taxable year  
9           shall not exceed the excess (if any) of—

10           “(1) the regular tax for the taxable year re-  
11           duced by the sum of the credits allowable under sub-  
12           part A and sections 27, 29, and 30, over

13           “(2) the tentative minimum tax for the taxable  
14           year.

15           “(f) OTHER DEFINITIONS AND SPECIAL RULES.—  
16           For purposes of this section—

17           “(1) CONSUMABLE FUEL.—The term  
18           ‘consumable fuel’ means any solid, liquid, or gaseous  
19           matter which releases energy when consumed by an  
20           auxiliary power unit.

21           “(2) MOTOR VEHICLE.—The term ‘motor vehi-  
22           cle’ has the meaning given such term by section  
23           30(c)(2).

24           “(3) CITY FUEL ECONOMY.—The city fuel econ-  
25           omy with respect to any vehicle shall be measured in

1 a manner which is substantially similar to the man-  
2 ner city fuel economy is measured in accordance  
3 with procedures under part 600 of subchapter Q of  
4 chapter I of title 40, Code of Federal Regulations,  
5 as in effect on the date of the enactment of this sec-  
6 tion.

7 “(4) OTHER TERMS.—The terms ‘automobile’,  
8 ‘passenger automobile’, ‘medium duty passenger ve-  
9 hicle’, ‘light truck’, and ‘manufacturer’ have the  
10 meanings given such terms in regulations prescribed  
11 by the Administrator of the Environmental Protec-  
12 tion Agency for purposes of the administration of  
13 title II of the Clean Air Act (42 U.S.C. 7521 et  
14 seq.).

15 “(5) REDUCTION IN BASIS.—For purposes of  
16 this subtitle, the basis of any property for which a  
17 credit is allowable under subsection (a) shall be re-  
18 duced by the amount of such credit so allowed (de-  
19 termined without regard to subsection (e)).

20 “(6) NO DOUBLE BENEFIT.—The amount of  
21 any deduction or other credit allowable under this  
22 chapter—

23 “(A) for any incremental cost taken into  
24 account in computing the amount of the credit  
25 determined under subsection (d) shall be re-

1           duced by the amount of such credit attributable  
2           to such cost, and

3           “(B) with respect to a vehicle described  
4           under subsection (b) or (c), shall be reduced by  
5           the amount of credit allowed under subsection  
6           (a) for such vehicle for the taxable year.

7           “(7) PROPERTY USED BY TAX-EXEMPT ENTI-  
8           TIES.—In the case of a credit amount which is al-  
9           lowable with respect to a motor vehicle which is ac-  
10          quired by an entity exempt from tax under this  
11          chapter, the person which sells or leases such vehicle  
12          to the entity shall be treated as the taxpayer with  
13          respect to the vehicle for purposes of this section  
14          and the credit shall be allowed to such person, but  
15          only if the person clearly discloses to the entity at  
16          the time of any sale or lease the specific amount of  
17          any credit otherwise allowable to the entity under  
18          this section.

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

1           “(9) PROPERTY USED OUTSIDE UNITED  
2 STATES, ETC., NOT QUALIFIED.—No credit shall be  
3 allowed under subsection (a) with respect to any  
4 property referred to in section 50(b) or with respect  
5 to the portion of the cost of any property taken into  
6 account under section 179.

7           “(10) ELECTION TO NOT TAKE CREDIT.—No  
8 credit shall be allowed under subsection (a) for any  
9 vehicle if the taxpayer elects to not have this section  
10 apply to such vehicle.

11           “(11) CARRYBACK AND CARRYFORWARD AL-  
12 LOWED.—

13           “(A) IN GENERAL.—If the credit amount  
14 allowable under subsection (a) for a taxable  
15 year exceeds the amount of the limitation under  
16 subsection (e) for such taxable year (in this  
17 paragraph referred to as the ‘unused credit  
18 year’), such excess shall be allowed as a credit  
19 carryback for each of the 3 taxable years begin-  
20 ning after the date of the enactment of this sec-  
21 tion, which precede the unused credit year and  
22 a credit carryforward for each of the 20 taxable  
23 years which succeed the unused credit year.

24           “(B) RULES.—Rules similar to the rules of  
25 section 39 shall apply with respect to the credit

1 carryback and credit carryforward under sub-  
2 paragraph (A).

3 “(12) INTERACTION WITH AIR QUALITY AND  
4 MOTOR VEHICLE SAFETY STANDARDS.—Unless oth-  
5 erwise provided in this section, a motor vehicle shall  
6 not be considered eligible for a credit under this sec-  
7 tion unless such vehicle is in compliance with—

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

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

17 “(g) REGULATIONS.—

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

22 “(2) COORDINATION IN PRESCRIPTION OF CER-  
23 TAIN REGULATIONS.—The Secretary of the Treas-  
24 ury, in coordination with the Secretary of Transpor-  
25 tation and the Administrator of the Environmental

1 Protection Agency, shall prescribe such regulations  
2 as necessary to determine whether a motor vehicle  
3 meets the requirements to be eligible for a credit  
4 under this section.

5 “(h) TERMINATION.—This section shall not apply to  
6 any property purchased after—

7 “(1) in the case of a new qualified fuel cell  
8 motor vehicle (as described in subsection (b)), De-  
9 cember 31, 2013, and

10 “(2) in the case of any other property, Decem-  
11 ber 31, 2009.”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) Section 1016(a) is amended by striking  
14 “and” at the end of paragraph (27), by striking the  
15 period at the end of paragraph (28) and inserting  
16 “, and”, and by adding at the end the following new  
17 paragraph:

18 “(29) to the extent provided in section  
19 30B(f)(5).”.

20 (2) Section 55(c)(2) is amended by inserting  
21 “30B(e),” after “30(b)(3)”.

22 (3) Section 6501(m) is amended by inserting  
23 “30B(f)(10),” after “30(d)(4),”.

24 (4) The table of sections for subpart B of part  
25 IV of subchapter A of chapter 1 is amended by in-



1           tation, as in effect on the date of the enactment  
2           of the Clean Efficient Automobiles Resulting  
3           From Advanced Car Technologies (CLEAR  
4           ACT) Act of 2003, the lesser of—

5                     “(i) 10 percent of the manufacturer’s  
6                     suggested retail price of the vehicle, or

7                     “(ii) \$1,500.

8                     “(B) In the case of a vehicle not described  
9                     in subparagraph (A) with a gross vehicle weight  
10                    rating not exceeding 8,500 pounds—

11                    “(i) \$4,000, or

12                    “(ii) \$6,000, if such vehicle is—

13                             “(I) capable of a driving range of  
14                             at least 100 miles on a single charge  
15                             of the vehicle’s rechargeable batteries  
16                             as measured pursuant to the urban  
17                             dynamometer schedules under appen-  
18                             dix I to part 86 of title 40, Code of  
19                             Federal Regulations, or

20                             “(II) capable of a payload capaci-  
21                             ty of at least 1,000 pounds.

22                     “(C) In the case of a vehicle with a gross  
23                     vehicle weight rating exceeding 8,500 but not  
24                     exceeding 14,000 pounds, \$10,000.



1           “(D) In the case of a vehicle with a gross  
2 vehicle weight rating exceeding 14,000 but not  
3 exceeding 26,000 pounds, \$20,000.

4           “(E) In the case of a vehicle with a gross  
5 vehicle weight rating exceeding 26,000 pounds,  
6 \$40,000.”, and

7           (B) by redesignating paragraph (3) as  
8 paragraph (2).

9           (3) CONFORMING AMENDMENTS.—

10           (A) Section 53(d)(1)(B)(iii) is amended by  
11 striking “section 30(b)(3)(B)” and inserting  
12 “section 30(b)(2)(B)”.

13           (B) Section 55(c)(2), as amended by this  
14 Act, is amended by striking “30(b)(3)” and in-  
15 serting “30(b)(2)”.

16           (b) QUALIFIED BATTERY ELECTRIC VEHICLE.—

17           (1) IN GENERAL.—Section 30(c)(1)(A) (defin-  
18 ing qualified electric vehicle) is amended to read as  
19 follows:

20           “(A) which is—

21           “(i) operated solely by use of a bat-  
22 tery or battery pack, or

23           “(ii) powered primarily through the  
24 use of an electric battery or battery pack  
25 using a flywheel or capacitor which stores

1 energy produced by an electric motor  
2 through regenerative braking to assist in  
3 vehicle operation,”.

4 (2) LEASED VEHICLES.—Section 30(c)(1)(C) is  
5 amended by inserting “or lease” after “use”.

6 (3) CONFORMING AMENDMENTS.—

7 (A) Subsections (a), (b)(2), and (c) of sec-  
8 tion 30 are each amended by inserting “bat-  
9 tery” after “qualified” each place it appears.

10 (B) The heading of subsection (c) of sec-  
11 tion 30 is amended by inserting “BATTERY”  
12 after “QUALIFIED”.

13 (C) The heading of section 30 is amended  
14 by inserting “**BATTERY**” after “**QUALIFIED**”.

15 (D) The item relating to section 30 in the  
16 table of sections for subpart B of part IV of  
17 subchapter A of chapter 1 is amended by in-  
18 serting “battery” after “qualified”.

19 (E) Section 179A(c)(3) is amended by in-  
20 serting “battery” before “electric”.

21 (F) The heading of paragraph (3) of sec-  
22 tion 179A(c) is amended by inserting “BAT-  
23 TERY” before “ELECTRIC”.

1           (c) ADDITIONAL SPECIAL RULES.—Section 30(d)  
2 (relating to special rules) is amended by adding at the end  
3 the following new paragraphs:

4           “(5) NO DOUBLE BENEFIT.—The amount of  
5 any deduction or other credit allowable under this  
6 chapter for any cost taken into account in com-  
7 puting the amount of the credit determined under  
8 subsection (a) shall be reduced by the amount of  
9 such credit attributable to such cost.

10           “(6) PROPERTY USED BY TAX-EXEMPT ENTI-  
11 TIES.—In the case of a credit amount which is al-  
12 lowable with respect to a vehicle which is acquired  
13 by an entity exempt from tax under this chapter, the  
14 person which sells or leases such vehicle to the entity  
15 shall be treated as the taxpayer with respect to the  
16 vehicle for purposes of this section and the credit  
17 shall be allowed to such person, but only if the per-  
18 son clearly discloses to the entity at the time of any  
19 sale or lease the specific amount of any credit other-  
20 wise allowable to the entity under this section.

21           “(7) CARRYBACK AND CARRYFORWARD AL-  
22 LOWED.—

23           “(A) IN GENERAL.—If the credit amount  
24 allowable under subsection (a) for a taxable  
25 year exceeds the amount of the limitation under

1 subsection (b)(2) for such taxable year (in this  
2 paragraph referred to as the ‘unused credit  
3 year’), such excess shall be allowed as a credit  
4 carryback for each of the 3 taxable years begin-  
5 ning after the date of the enactment of this  
6 paragraph, which precede the unused credit  
7 year and a credit carryforward for each of the  
8 20 taxable years which succeed the unused  
9 credit year.

10 “(B) RULES.—Rules similar to the rules of  
11 section 39 shall apply with respect to the credit  
12 carryback and credit carryforward under sub-  
13 paragraph (A).”.

14 (d) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to property placed in service after  
16 the date of the enactment of this Act, in taxable years  
17 ending after such date.

18 **SEC. 5. CREDIT FOR INSTALLATION OF ALTERNATIVE**  
19 **FUELING STATIONS.**

20 (a) IN GENERAL.—Subpart B of part IV of sub-  
21 chapter A of chapter 1 (relating to foreign tax credit, etc.),  
22 as amended by this Act, is amended by adding at the end  
23 the following new section:

1 **“SEC. 30C. CLEAN-FUEL VEHICLE REFUELING PROPERTY**  
2 **CREDIT.**

3 “(a) CREDIT ALLOWED.—There shall be allowed as  
4 a credit against the tax imposed by this chapter for the  
5 taxable year an amount equal to 50 percent of the amount  
6 paid or incurred by the taxpayer during the taxable year  
7 for the installation of qualified clean-fuel vehicle refueling  
8 property.

9 “(b) LIMITATION.—

10 “(1) IN GENERAL.—The credit allowed under  
11 subsection (a)—

12 “(A) with respect to any retail clean-fuel  
13 vehicle refueling property, shall not exceed  
14 \$30,000, and

15 “(B) with respect to any residential clean-  
16 fuel vehicle refueling property, shall not exceed  
17 \$1,000.

18 “(2) PHASEOUT.—

19 “(A) IN GENERAL.—Except as provided in  
20 subparagraph (B), in the case of any qualified  
21 clean-fuel vehicle refueling property placed in  
22 service after December 31, 2007, the limit oth-  
23 erwise applicable under paragraph (1) shall be  
24 reduced by—

1                   “(i) 25 percent in the case of any ve-  
2                   hicle placed in service in calendar year  
3                   2008, and

4                   “(ii) 50 percent in the case of any ve-  
5                   hicle placed in service in calendar year  
6                   2009.

7                   “(B) HYDROGEN PROPERTY.—In the case  
8                   of any qualified clean-fuel vehicle refueling  
9                   property relating to hydrogen placed in service  
10                  after December 31, 2011, the limit otherwise  
11                  applicable under paragraph (1) shall be reduced  
12                  by—

13                  “(i) 25 percent in the case of any ve-  
14                  hicle placed in service in calendar year  
15                  2012, and

16                  “(ii) 50 percent in the case of any ve-  
17                  hicle placed in service in calendar year  
18                  2013.

19                  “(c) YEAR CREDIT ALLOWED.—The credit allowed  
20                  under subsection (a) shall be allowed in the taxable year  
21                  in which the qualified clean-fuel vehicle refueling property  
22                  is placed in service by the taxpayer.

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

24                         “(1) QUALIFIED CLEAN-FUEL VEHICLE RE-  
25                         FUELING PROPERTY.—The term ‘qualified clean-fuel

1 vehicle refueling property’ has the same meaning  
2 given such term by section 179A(d).

3 “(2) RESIDENTIAL CLEAN-FUEL VEHICLE RE-  
4 FUELING PROPERTY.—The term ‘residential clean-  
5 fuel vehicle refueling property’ means qualified  
6 clean-fuel vehicle refueling property which is in-  
7 stalled on property which is used as the principal  
8 residence (within the meaning of section 121) of the  
9 taxpayer.

10 “(3) RETAIL CLEAN-FUEL VEHICLE REFUELING  
11 PROPERTY.—The term ‘retail clean-fuel vehicle re-  
12 fueling property’ means qualified clean-fuel vehicle  
13 refueling property which is installed on property  
14 (other than property described in paragraph (2))  
15 used in a trade or business of the taxpayer.

16 “(e) APPLICATION WITH OTHER CREDITS.—The  
17 credit allowed under subsection (a) for any taxable year  
18 shall not exceed the excess (if any) of—

19 “(1) the regular tax for the taxable year re-  
20 duced by the sum of the credits allowable under sub-  
21 part A and sections 27, 29, 30, and 30B, over

22 “(2) the tentative minimum tax for the taxable  
23 year.

24 “(f) BASIS REDUCTION.—For purposes of this title,  
25 the basis of any property shall be reduced by the portion

1 of the cost of such property taken into account under sub-  
2 section (a).

3 “(g) NO DOUBLE BENEFIT.—No deduction shall be  
4 allowed under section 179A with respect to any property  
5 with respect to which a credit is allowed under subsection  
6 (a).

7 “(h) REFUELING PROPERTY INSTALLED FOR TAX-  
8 EXEMPT ENTITIES.—In the case of qualified clean-fuel ve-  
9 hicle refueling property installed on property owned or  
10 used by an entity exempt from tax under this chapter, the  
11 person which installs such refueling property for the entity  
12 shall be treated as the taxpayer with respect to the refuel-  
13 ing property for purposes of this section (and such refuel-  
14 ing property shall be treated as retail clean-fuel vehicle  
15 refueling property) and the credit shall be allowed to such  
16 person, but only if the person clearly discloses to the entity  
17 in any installation contract the specific amount of the  
18 credit allowable under this section.

19 “(i) CARRYFORWARD ALLOWED.—

20 “(1) IN GENERAL.—If the credit amount allow-  
21 able under subsection (a) for a taxable year exceeds  
22 the amount of the limitation under subsection (e) for  
23 such taxable year (referred to as the ‘unused credit  
24 year’ in this subsection), such excess shall be allowed



1 as a credit carryforward for each of the 20 taxable  
2 years following the unused credit year.

3 “(2) RULES.—Rules similar to the rules of sec-  
4 tion 39 shall apply with respect to the credit  
5 carryforward under paragraph (1).

6 “(j) SPECIAL RULES.—Rules similar to the rules of  
7 paragraphs (4) and (5) of section 179A(e) shall apply.

8 “(k) REGULATIONS.—The Secretary shall prescribe  
9 such regulations as necessary to carry out the provisions  
10 of this section.

11 “(l) TERMINATION.—This section shall not apply to  
12 any property placed in service—

13 “(1) in the case of property relating to hydro-  
14 gen, after December 31, 2013, and

15 “(2) in the case of any other property, after  
16 December 31, 2009.”.

17 (b) INCENTIVE FOR PRODUCTION OF HYDROGEN AT  
18 QUALIFIED CLEAN-FUEL VEHICLE REFUELING PROP-  
19 erty.—Section 179A(d) (defining qualified clean-fuel ve-  
20 hicle refueling property) is amended by adding at the end  
21 the following new flush sentence:

22 “In the case of clean-burning fuel which is hydrogen pro-  
23 duced from another clean-burning fuel, paragraph (3)(A)  
24 shall be applied by substituting ‘production, storage, or

1 dispensing’ for ‘storage or dispensing’ both places it ap-  
2 pears.”.

3 (c) CONFORMING AMENDMENTS.—(1) Section  
4 1016(a), as amended by this Act, is amended by striking  
5 “and” at the end of paragraph (28), by striking the period  
6 at the end of paragraph (29) and inserting “, and”, and  
7 by adding at the end the following new paragraph:

8 “(30) to the extent provided in section  
9 30C(f).”.

10 (2) Section 55(c)(2), as amended by this Act, is  
11 amended by inserting “30C(e),” after “30B(e)”.

12 (3) The table of sections for subpart B of part IV  
13 of subchapter A of chapter 1, as amended by this Act,  
14 is amended by inserting after the item relating to section  
15 30B the following new item:

“Sec. 30C. Clean-fuel vehicle refueling property credit.”.

16 (d) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to property placed in service after  
18 the date of the enactment of this Act, in taxable years  
19 ending after such date.

20 **SEC. 6. CREDIT FOR RETAIL SALE OF ALTERNATIVE FUELS**  
21 **AS MOTOR VEHICLE FUEL.**

22 (a) IN GENERAL.—Subpart D of part IV of sub-  
23 chapter A of chapter 1 (relating to business related cred-  
24 its) is amended by inserting after section 40 the following  
25 new section:

1 **“SEC. 40A. CREDIT FOR RETAIL SALE OF ALTERNATIVE**  
 2 **FUELS AS MOTOR VEHICLE FUEL.**

3 “(a) GENERAL RULE.—For purposes of section 38,  
 4 the alternative fuel retail sales credit for any taxable year  
 5 is the applicable amount for each gasoline gallon equiva-  
 6 lent of alternative fuel sold at retail by the taxpayer during  
 7 such year as a fuel to propel any qualified motor vehicle.

8 “(b) DEFINITIONS.—For purposes of this section—

9 “(1) APPLICABLE AMOUNT.—The term ‘applica-  
 10 ble amount’ means as follows:

11 “(A) IN GENERAL.—Except as provided in  
 12 subparagraph (B), the amount determined in  
 13 accordance with the following table:

<b>“In the case of any taxable year ending in—</b>	<b>The applicable amount is—</b>
2003 .....	30 cents
2004 .....	40 cents
2005 and 2006 .....	50 cents
2007 .....	40 cents
2008 .....	30 cents.

14 “(B) HYDROGEN FUEL.—In the case of an  
 15 alternative fuel which is hydrogen fuel, the  
 16 amount determined in accordance with the fol-  
 17 lowing table:

<b>“In the case of any taxable year ending in—</b>	<b>The applicable amount is—</b>
2003 .....	30 cents
2004 .....	40 cents
2005 through 2011 .....	50 cents
2012 .....	40 cents
2013 .....	30 cents.

1           “(2) ALTERNATIVE FUEL.—The term ‘alter-  
2           native fuel’ means compressed natural gas, liquefied  
3           natural gas, liquefied petroleum gas, hydrogen, and  
4           any liquid at least 85 percent of the volume of which  
5           consists of methanol or ethanol.

6           “(3) GASOLINE GALLON EQUIVALENT.—The  
7           term ‘gasoline gallon equivalent’ means, with respect  
8           to any alternative fuel, the amount (determined by  
9           the Secretary) of such fuel having a Btu content of  
10          114,000.

11          “(4) QUALIFIED MOTOR VEHICLE.—The term  
12          ‘qualified motor vehicle’ means any motor vehicle (as  
13          defined in section 30(c)(2)) which meets any appli-  
14          cable Federal or State emissions standards with re-  
15          spect to each fuel by which such vehicle is designed  
16          to be propelled.

17          “(5) SOLD AT RETAIL.—

18                 “(A) IN GENERAL.—The term ‘sold at re-  
19                 tail’ means the sale, for a purpose other than  
20                 resale, after manufacture, production, or impor-  
21                 tation.

22                 “(B) USE TREATED AS SALE.—If any per-  
23                 son uses alternative fuel (including any use  
24                 after importation) as a fuel to propel any quali-  
25                 fied alternative fuel motor vehicle (as defined in

1 section 30B(d)(4)) before such fuel is sold at  
2 retail, then such use shall be treated in the  
3 same manner as if such fuel were sold at retail  
4 as a fuel to propel such a vehicle by such per-  
5 son.

6 “(c) ELECTION TO PASS CREDIT.—A person which  
7 sells alternative fuel at retail may elect to pass the credit  
8 allowable under this section to the purchaser of such fuel  
9 or, in the event the purchaser is a tax-exempt entity or  
10 otherwise declines to accept such credit, to the person  
11 which supplied such fuel, under rules established by the  
12 Secretary.

13 “(d) NO DOUBLE BENEFIT.—The amount of any de-  
14 duction or other credit allowable under this chapter for  
15 any fuel taken into account in computing the amount of  
16 the credit determined under subsection (a) shall be re-  
17 duced by the amount of such credit attributable to such  
18 fuel.

19 “(e) PASS-THRU IN THE CASE OF ESTATES AND  
20 TRUSTS.—Under regulations prescribed by the Secretary,  
21 rules similar to the rules of subsection (d) of section 52  
22 shall apply.

23 “(f) TERMINATION.—

1           “(1) IN GENERAL.—Except as provided in para-  
2           graph (2), this section shall not apply to any fuel  
3           sold at retail after December 31, 2008.

4           “(2) HYDROGEN FUEL.—In the case of an al-  
5           ternative fuel which is hydrogen fuel, this section  
6           shall not apply to any fuel sold at retail after De-  
7           cember 31, 2013.”.

8           (b) CREDIT TREATED AS BUSINESS CREDIT.—Sec-  
9           tion 38(b) (relating to current year business credit) is  
10          amended by striking “plus” at the end of paragraph (14),  
11          by striking the period at the end of paragraph (15) and  
12          inserting “, plus”, and by adding at the end the following  
13          new paragraph:

14                 “(16) the alternative fuel retail sales credit de-  
15                 termined under section 40A(a).”.

16          (c) TRANSITIONAL RULE.—Section 39(d) (relating to  
17          transitional rules) is amended by adding at the end the  
18          following new paragraph:

19                 “(11) NO CARRYBACK OF SECTION 40A CREDIT  
20                 BEFORE EFFECTIVE DATE.—No portion of the un-  
21                 used business credit for any taxable year which is  
22                 attributable to the alternative fuel retail sales credit  
23                 determined under section 40A(a) may be carried  
24                 back to a taxable year ending before the date of the  
25                 enactment of such section.”.

1 (d) CLERICAL AMENDMENT.—The table of sections  
2 for subpart D of part IV of subchapter A of chapter 1  
3 is amended by inserting after the item relating to section  
4 40 the following new item:

“Sec. 40A. Credit for retail sale of alternative fuels as motor vehicle fuel.”.

5 (e) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to fuel sold at retail after the date  
7 of the enactment of this Act, in taxable years ending after  
8 such date.

9 **SEC. 7. STUDY OF EFFECTIVENESS OF CERTAIN PROVI-**  
10 **SIONS BY GAO.**

11 (a) STUDY.—The Comptroller General of the United  
12 States shall undertake an ongoing analysis of—

13 (1) the effectiveness of the alternative motor ve-  
14 hicles and fuel incentives provisions under this Act,  
15 and

16 (2) the recipients of the tax benefits contained  
17 in such provisions, including an identification of  
18 such recipients by income and other appropriate  
19 measurements.

20 Such analysis shall quantify the effectiveness of such pro-  
21 visions by examining and comparing the Federal Govern-  
22 ment’s forgone revenue to the aggregate amount of energy  
23 actually conserved and tangible environmental benefits  
24 gained as a result of such provisions.

1           (b) REPORTS.—The Comptroller General of the  
2 United States shall report the analysis required under sub-  
3 section (a) to Congress not later than December 31, 2004,  
4 and annually thereafter.

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