

109TH CONGRESS
1ST SESSION

H. R. 626

To amend the Internal Revenue Code of 1986 to provide tax incentives
for the production of alternative fuel vehicles.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 2005

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

A BILL

To amend the Internal Revenue Code of 1986 to provide
tax incentives for the production of alternative fuel vehicles.

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.**

4 This Act may be cited as the “Volume Enhancing
5 Hardware Incentives for Consumer Lowered Expenses
6 Technology Act of 2005” or the “VEHICLE Technology
7 Act of 2005”.

1 **SEC. 2. REPEAL OF PHASEOUTS FOR QUALIFIED ELECTRIC**
2 **VEHICLE CREDIT AND DEDUCTION FOR**
3 **CLEAN FUEL-VEHICLES.**

4 (a) CREDIT FOR QUALIFIED ELECTRIC VEHICLES.—
5 Subsection (b) of section 30 of the Internal Revenue Code
6 of 1986 (relating to limitations) is amended by striking
7 paragraph (2) and redesignating paragraph (3) as para-
8 graph (2).

9 (b) DEDUCTION FOR CLEAN-FUEL VEHICLES AND
10 CERTAIN REFUELING PROPERTY.—Paragraph (1) of sec-
11 tion 179A(b) of such Code (relating to qualified clean-fuel
12 vehicle property) is amended to read as follows:

13 “(1) QUALIFIED CLEAN-FUEL VEHICLE PROP-
14 erty.—The cost which may be taken into account
15 under subsection (a)(1)(A) with respect to any
16 motor vehicle shall not exceed—

17 “(A) in the case of a motor vehicle not de-
18 scribed in subparagraph (B) or (C), \$2,000,

19 “(B) in the case of any truck or van with
20 a gross vehicle weight rating greater than
21 10,000 pounds but not greater than 26,000
22 pounds, \$5,000, or

23 “(C) \$50,000 in the case of—

24 “(i) a truck or van with a gross vehi-
25 cle weight rating greater than 26,000
26 pounds, or

1 “(ii) any bus which has a seating ca-
2 capacity of at least 20 adults (not including
3 the driver).”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to property placed in service after
6 the date of the enactment of this Act.

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

8 (a) IN GENERAL.—Subpart B of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of
10 1986 (relating to foreign tax credit, etc.) is amended by
11 adding at the end the following:

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

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

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

18 “(2) the new advanced lean burn technology
19 motor vehicle credit determined under subsection (c),

20 “(3) the new qualified hybrid motor vehicle
21 credit determined under subsection (d), and

22 “(4) the new qualified alternative fuel motor ve-
23 hicle credit determined under subsection (e).

24 “(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE
25 CREDIT.—

1 “(1) IN GENERAL.—For purposes of subsection
 2 (a), the new qualified fuel cell motor vehicle credit
 3 determined under this subsection with respect to a
 4 new qualified fuel cell motor vehicle placed in service
 5 by the taxpayer during the taxable year shall be de-
 6 termined in accordance with the following table:

“In the case of a vehicle which has a gross vehicle weight rating of—	The new qualified fuel cell motor vehicle credit is—
Not more than 8,500 lbs	\$4,000
More than 8,500 lbs but not more than 14,000 lbs	\$10,000
More than 14,000 lbs but not more than 26,000 lbs	\$20,000
More than 26,000 lbs	\$40,000.

7 “(2) INCREASE FOR FUEL EFFICIENCY.—

8 “(A) IN GENERAL.—The amount deter-
 9 mined under paragraph (1) with respect to a
 10 new qualified fuel cell motor vehicle which is a
 11 passenger automobile or light truck shall be in-
 12 creased by the additional credit amount.

13 “(B) ADDITIONAL CREDIT AMOUNT.—For
 14 purposes of subparagraph (A), the additional
 15 credit amount shall be determined in accord-
 16 ance with the following table:

“In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—	The additional credit amount is—
At least 150 percent but less than 175 percent	\$1,000
At least 175 percent but less than 200 percent	\$1,500
At least 200 percent but less than 225 percent	\$2,000
At least 225 percent but less than 250 percent	\$2,500
At least 250 percent but less than 275 percent	\$3,000
At least 275 percent but less than 300 percent	\$3,500
At least 300 percent	\$4,000.

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

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

11 “(B) which, in the case of a passenger
12 automobile or light truck, has received—

13 “(i) a certificate of conformity under
14 the Clean Air Act and meets or exceeds the
15 equivalent qualifying California low emis-
16 sion vehicle standard under section
17 243(e)(2) of the Clean Air Act for that
18 make and model year, and

19 “(ii) a certificate that such vehicle
20 meets or exceeds the Bin 5 Tier II emis-
21 sion standard established in regulations
22 prescribed by the Administrator of the En-
23 vironmental Protection Agency under sec-
24 tion 202(i) of the Clean Air Act for that
25 make and model year vehicle,

1 “(C) the original use of which commences
2 with the taxpayer,

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

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

6 “(c) NEW ADVANCED LEAN BURN TECHNOLOGY
7 MOTOR VEHICLE CREDIT.—

8 “(1) IN GENERAL.—For purposes of subsection
9 (a), the new advanced lean burn technology motor
10 vehicle credit determined under this subsection with
11 respect to a new advanced lean burn technology
12 motor vehicle placed in service by the taxpayer dur-
13 ing the taxable year is the credit amount determined
14 under paragraph (2).

15 “(2) CREDIT AMOUNT.—

16 “(A) FUEL ECONOMY.—The credit amount
17 determined under this paragraph shall be deter-
18 mined in accordance with the following table:

“In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—	The credit amount is—
At least 125 percent but less than 150 percent	\$400
At least 150 percent but less than 175 percent	\$800
At least 175 percent but less than 200 percent	\$1,200
At least 200 percent but less than 225 percent	\$1,600
At least 225 percent but less than 250 percent	\$2,000
At least 250 percent	\$2,400.

19 “(B) CONSERVATION CREDIT.—The
20 amount determined under subparagraph (A)

1 with respect to a new advanced lean burn tech-
 2 nology motor vehicle shall be increased by the
 3 conservation credit amount determined in ac-
 4 cordance with the following table:

“In the case of a vehicle which achieves a lifetime fuel savings (expressed in gallons of gasoline) of—	The conservation credit amount is—
At least 1,200 but less than 1,800	\$250
At least 1,800 but less than 2,400	\$500
At least 2,400 but less than 3,000	\$750
At least 3,000	\$1,000.

5 “(3) NEW ADVANCED LEAN BURN TECHNOLOGY
 6 MOTOR VEHICLE.—For purposes of this subsection,
 7 the term ‘new advanced lean burn technology motor
 8 vehicle’ means a passenger automobile or a light
 9 truck—

10 “(A) with an internal combustion engine
 11 which—

12 “(i) is designed to operate primarily
 13 using more air than is necessary for com-
 14 plete combustion of the fuel,

15 “(ii) incorporates direct injection,

16 “(iii) achieves at least 125 percent of
 17 the 2002 model year city fuel economy,

18 “(iv) for 2005 and later model vehi-
 19 cles, has received a certificate that such ve-
 20 hicle meets or exceeds—

1 “(I) in the case of a vehicle hav-
2 ing a gross vehicle weight rating of
3 6,000 pounds or less, the Bin 5 Tier
4 II emission standard established in
5 regulations prescribed by the Adminis-
6 trator of the Environmental Protec-
7 tion Agency under section 202(i) of
8 the Clean Air Act for that make and
9 model year vehicle, and

10 “(II) in the case of a vehicle hav-
11 ing a gross vehicle weight rating of
12 more than 6,000 pounds but not more
13 than 8,500 pounds, the Bin 8 Tier II
14 emission standard which is so estab-
15 lished.

16 “(B) the original use of which commences
17 with the taxpayer,

18 “(C) which is acquired for use or lease by
19 the taxpayer and not for resale, and

20 “(D) which is made by a manufacturer.

21 “(4) LIFETIME FUEL SAVINGS.—For purposes
22 of this subsection, the term ‘lifetime fuel savings’
23 means, in the case of any new advanced lean burn
24 technology motor vehicle, an amount equal to the ex-
25 cess (if any) of—

1 “(A) 120,000 divided by the 2002 model
2 year city fuel economy for the vehicle inertia
3 weight class, over

4 “(B) 120,000 divided by the city fuel econ-
5 omy for such vehicle.

6 “(d) NEW QUALIFIED HYBRID MOTOR VEHICLE
7 CREDIT.—

8 “(1) IN GENERAL.—For purposes of subsection
9 (a), the new qualified hybrid motor vehicle credit de-
10 termined under this subsection with respect to a new
11 qualified hybrid motor vehicle placed in service by
12 the taxpayer during the taxable year is the credit
13 amount determined under paragraph (2).

14 “(2) CREDIT AMOUNT.—

15 “(A) CREDIT AMOUNT FOR PASSENGER
16 AUTOMOBILES AND LIGHT TRUCKS.—In the
17 case of a new qualified hybrid motor vehicle
18 which is a passenger automobile or light truck
19 and which has a gross vehicle weight rating of
20 not more than 8,500 pounds, the amount deter-
21 mined under this paragraph is the sum of the
22 amounts determined under clauses (i) and (ii).

23 “(i) FUEL ECONOMY.—The amount
24 determined under this clause is the amount
25 which would be determined under sub-

1 section (c)(2)(A) if such vehicle were a ve-
2 hicle referred to in such subsection.

3 “(ii) CONSERVATION CREDIT.—The
4 amount determined under this clause is the
5 amount which would be determined under
6 subsection (c)(2)(B) if such vehicle were a
7 vehicle referred to in such subsection.

8 “(B) CREDIT AMOUNT FOR OTHER MOTOR
9 VEHICLES.—

10 “(i) IN GENERAL.—In the case of any
11 new qualified hybrid motor vehicle to which
12 subparagraph (A) does not apply, the
13 amount determined under this paragraph
14 is the amount equal to the applicable per-
15 centage of the qualified incremental hybrid
16 cost of the vehicle as certified under clause
17 (v).

18 “(ii) APPLICABLE PERCENTAGE.—For
19 purposes of clause (i), the applicable per-
20 centage is—

21 “(I) 20 percent if the vehicle
22 achieves an increase in city fuel econ-
23 omy relative to a comparable vehicle
24 of at least 30 percent but less than 40
25 percent,

1 “(II) 30 percent if the vehicle
2 achieves such an increase of at least
3 40 percent but less than 50 percent,
4 and

5 “(III) 40 percent if the vehicle
6 achieves such an increase of at least
7 50 percent.

8 “(iii) QUALIFIED INCREMENTAL HY-
9 BRID COST.—For purposes of this subpara-
10 graph, the qualified incremental hybrid
11 cost of any vehicle is equal to the amount
12 of the excess of the manufacturer’s sug-
13 gested retail price for such vehicle over
14 such price for a comparable vehicle, to the
15 extent such amount does not exceed—

16 “(I) \$7,500, if such vehicle has a
17 gross vehicle weight rating of not
18 more than 14,000 pounds,

19 “(II) \$15,000, if such vehicle has
20 a gross vehicle weight rating of more
21 than 14,000 pounds but not more
22 than 26,000 pounds, and

23 “(III) \$30,000, if such vehicle
24 has a gross vehicle weight rating of
25 more than 26,000 pounds.

1 “(iv) COMPARABLE VEHICLE.—For
2 purposes of this subparagraph, the term
3 ‘comparable vehicle’ means, with respect to
4 any new qualified hybrid motor vehicle,
5 any vehicle which is powered solely by a
6 gasoline or diesel internal combustion en-
7 gine and which is comparable in weight,
8 size, and use to such vehicle.

9 “(v) CERTIFICATION.—A certification
10 described in clause (i) shall be made by the
11 manufacturer and shall be determined in
12 accordance with guidance prescribed by the
13 Secretary. Such guidance shall specify pro-
14 cedures and methods for calculating fuel
15 economy savings and incremental hybrid
16 costs.

17 “(3) NEW QUALIFIED HYBRID MOTOR VEHI-
18 CLE.—For purposes of this subsection—

19 “(A) IN GENERAL.—The term ‘new quali-
20 fied hybrid motor vehicle’ means a motor vehi-
21 cle—

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

1 “(I) an internal combustion or
2 heat engine using consumable fuel,
3 and

4 “(II) a rechargeable energy stor-
5 age system,

6 “(ii) which, in the case of a vehicle to
7 which paragraph (2)(A) applies, has re-
8 ceived a certificate of conformity under the
9 Clean Air Act and meets or exceeds the
10 equivalent qualifying California low emis-
11 sion vehicle standard under section
12 243(e)(2) of the Clean Air Act for that
13 make and model year, and

14 “(I) in the case of a vehicle hav-
15 ing a gross vehicle weight rating of
16 6,000 pounds or less, the Bin 5 Tier
17 II emission standard established in
18 regulations prescribed by the Adminis-
19 trator of the Environmental Protec-
20 tion Agency under section 202(i) of
21 the Clean Air Act for that make and
22 model year vehicle, and

23 “(II) in the case of a vehicle hav-
24 ing a gross vehicle weight rating of
25 more than 6,000 pounds but not more

1 than 8,500 pounds, the Bin 8 Tier II
2 emission standard which is so estab-
3 lished,

4 “(iii) which has a maximum available
5 power of at least—

6 “(I) 4 percent in the case of a ve-
7 hicle to which paragraph (2)(A) ap-
8 plies,

9 “(II) 10 percent in the case of a
10 vehicle which has a gross vehicle
11 weight rating or more than 8,500
12 pounds and not than 14,000 pounds,
13 and

14 “(III) 15 percent in the case of a
15 vehicle in excess of 14,000 pounds,

16 “(iv) which, in the case of a vehicle to
17 which paragraph (2)(B) applies, has an in-
18 ternal combustion or heat engine which
19 has received a certificate of conformity
20 under the Clean Air Act as meeting the
21 emission standards set in the regulations
22 prescribed by the Administrator of the En-
23 vironmental Protection Agency for 2005
24 through 2008 model year diesel heavy duty

1 engines or otto-cycle heavy duty engines, as
2 applicable,

3 “(v) the original use of which com-
4 mences with the taxpayer,

5 “(vi) which is acquired for use or
6 lease by the taxpayer and not for resale,
7 and

8 “(vii) which is made by a manufac-
9 turer.

10 Such term shall not include any vehicle which
11 is not a passenger automobile or light truck if
12 such vehicle has a gross vehicle weight rating of
13 less than 8,500 pounds.

14 “(B) CONSUMABLE FUEL.—For purposes
15 of subparagraph (A)(i)(I), the term ‘consumable
16 fuel’ means any solid, liquid, or gaseous matter
17 which releases energy when consumed by an
18 auxiliary power unit.

19 “(C) MAXIMUM AVAILABLE POWER.—

20 “(i) CERTAIN PASSENGER AUTO-
21 MOBILES AND LIGHT TRUCKS.—In the case
22 of a vehicle to which paragraph (2)(A) ap-
23 plies, the term ‘maximum available power’
24 means the maximum power available from
25 the rechargeable energy storage system,

1 during a standard 10 second pulse power
2 or equivalent test, divided by such max-
3 imum power and the SAE net power of the
4 heat engine.

5 “(ii) OTHER MOTOR VEHICLES.—In
6 the case of a vehicle to which paragraph
7 (2)(B) applies, the term ‘maximum avail-
8 able power’ means the maximum power
9 available from the rechargeable energy
10 storage system, during a standard 10 sec-
11 ond pulse power or equivalent test, divided
12 by the vehicle’s total traction power. For
13 purposes of the preceding sentence, the
14 term ‘total traction power’ means the sum
15 of the peak power from the rechargeable
16 energy storage system and the heat engine
17 peak power of the vehicle, except that if
18 such storage system is the sole means by
19 which the vehicle can be driven, the total
20 traction power is the peak power of such
21 storage system.

22 “(e) NEW QUALIFIED ALTERNATIVE FUEL MOTOR
23 VEHICLE CREDIT.—

24 “(1) ALLOWANCE OF CREDIT.—Except as pro-
25 vided in paragraph (5), the new qualified alternative

1 fuel motor vehicle credit determined under this sub-
2 section is an amount equal to the applicable percent-
3 age of the incremental cost of any new qualified al-
4 ternative fuel motor vehicle placed in service by the
5 taxpayer during the taxable year.

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

10 “(A) 40 percent, plus

11 “(B) 30 percent, if such vehicle—

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

19 “(ii) has received an order certifying
20 the vehicle as meeting the same require-
21 ments as vehicles which may be sold or
22 leased in California and meets or exceeds
23 the most stringent standard available for
24 certification under the State laws of Cali-
25 fornia (enacted in accordance with a waiv-

1 er granted under section 209(b) of the
2 Clean Air Act) for that make and model
3 year vehicle (other than a zero emission
4 standard).

5 For purposes of the preceding sentence, in the case
6 of any new qualified alternative fuel motor vehicle
7 which has a gross vehicle weight rating of more than
8 14,000 pounds, the most stringent standard avail-
9 able shall be such standard available for certification
10 on the date of the enactment of the Volume Enhanc-
11 ing Hardware Incentives for Consumer Lowered Ex-
12 penses Technology Act of 2005.

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

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

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

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

7 “(D) \$40,000, if such vehicle has a gross
8 vehicle weight rating of more than 26,000
9 pounds.

10 “(4) NEW QUALIFIED ALTERNATIVE FUEL
11 MOTOR VEHICLE.—For purposes of this sub-
12 section—

13 “(A) IN GENERAL.—The term ‘new quali-
14 fied alternative fuel motor vehicle’ means any
15 motor vehicle—

16 “(i) which is only capable of operating
17 on an alternative fuel,

18 “(ii) the original use of which com-
19 mences with the taxpayer,

20 “(iii) which is acquired by the tax-
21 payer for use or lease, but not for resale,
22 and

23 “(iv) which is made by a manufac-
24 turer.

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

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

7 “(A) IN GENERAL.—In the case of a
8 mixed-fuel vehicle placed in service by the tax-
9 payer during the taxable year, the credit deter-
10 mined under this subsection is an amount equal
11 to—

12 “(i) in the case of a 75/25 mixed-fuel
13 vehicle, 70 percent of the credit which
14 would have been allowed under this sub-
15 section if such vehicle was a qualified alter-
16 native fuel motor vehicle, and

17 “(ii) in the case of a 90/10 mixed-fuel
18 vehicle, 90 percent of the credit which
19 would have been allowed under this sub-
20 section if such vehicle was a qualified alter-
21 native fuel motor vehicle.

22 “(B) MIXED-FUEL VEHICLE.—For pur-
23 poses of this subsection, the term ‘mixed-fuel
24 vehicle’ means any motor vehicle described in

1 subparagraph (C) or (D) of paragraph (3),
2 which—

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

7 “(ii) either—

8 “(I) has received a certificate of
9 conformity under the Clean Air Act,
10 or

11 “(II) has received an order certi-
12 fying the vehicle as meeting the same
13 requirements as vehicles which may be
14 sold or leased in California and meets
15 or exceeds the low emission vehicle
16 standard under section 88.105–94 of
17 title 40, Code of Federal Regulations,
18 for that make and model year vehicle,

19 “(iii) the original use of which com-
20 mences with the taxpayer,

21 “(iv) which is acquired by the tax-
22 payer for use or lease, but not for resale,
23 and

24 “(v) which is made by a manufac-
25 turer.

1 “(C) 75/25 MIXED-FUEL VEHICLE.—For
2 purposes of this subsection, the term ‘75/25
3 mixed-fuel vehicle’ means a mixed-fuel vehicle
4 which operates using at least 75 percent alter-
5 native fuel and not more than 25 percent petro-
6 leum-based fuel.

7 “(D) 90/10 MIXED-FUEL VEHICLE.—For
8 purposes of this subsection, the term ‘90/10
9 mixed-fuel vehicle’ means a mixed-fuel vehicle
10 which operates using at least 90 percent alter-
11 native fuel and not more than 10 percent petro-
12 leum-based fuel.

13 “(f) LIMITATION ON NUMBER OF NEW QUALIFIED
14 HYBRID AND ADVANCED LEAN-BURN TECHNOLOGY VE-
15 HICLES ELIGIBLE FOR CREDIT.—

16 “(1) IN GENERAL.—In the case of a qualified
17 vehicle sold during the phaseout period, only the ap-
18 plicable percentage of the credit otherwise allowable
19 under subsection (c) or (d) shall be allowed.

20 “(2) PHASEOUT PERIOD.—For purposes of this
21 subsection, the phaseout period is the period begin-
22 ning with the second calendar quarter following the
23 calendar quarter which includes the first date on
24 which the number of qualified vehicles manufactured
25 by the manufacturer of the vehicle referred to in

1 paragraph (1) sold for use in the United States after
2 the date of the enactment of this section is at least
3 80,000.

4 “(3) APPLICABLE PERCENTAGE.—For purposes
5 of paragraph (1), the applicable percentage is—

6 “(A) 50 percent for the first 2 calendar
7 quarters of the phaseout period,

8 “(B) 25 percent for the 3d and 4th cal-
9 endar quarters of the phaseout period, and

10 “(C) 0 percent for each calendar quarter
11 thereafter.

12 “(4) CONTROLLED GROUPS.—

13 “(A) IN GENERAL.—For purposes of this
14 subsection, all persons treated as a single em-
15 ployer under subsection (a) or (b) of section 52
16 or subsection (m) or (o) of section 414 shall be
17 treated as a single manufacturer.

18 “(B) INCLUSION OF FOREIGN CORPORA-
19 TIONS.—For purposes of subparagraph (A), in
20 applying subsections (a) and (b) of section 52
21 to this section, section 1563 shall be applied
22 without regard to subsection (b)(2)(C) thereof.

23 “(5) QUALIFIED VEHICLE.—For purposes of
24 this subsection, the term ‘qualified vehicle’ means

1 any new qualified hybrid motor vehicle and any new
2 advanced lean burn technology motor vehicle.

3 “(g) LIMITATION BASED ON AMOUNT OF TAX.—The
4 credit allowed under subsection (a) for the taxable year
5 shall not exceed the excess of—

6 “(1) the sum of the regular tax liability (as de-
7 fined in section 26(b)) plus the tax imposed by sec-
8 tion 55, over

9 “(2) the sum of the credits allowable under sub-
10 part A and sections 27 and 30 for the taxable year.

11 “(h) OTHER DEFINITIONS AND SPECIAL RULES.—
12 For purposes of this section—

13 “(1) MOTOR VEHICLE.—The term ‘motor vehi-
14 cle’ has the meaning given such term by section
15 30(c)(2).

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

23 “(3) 2002 MODEL YEAR CITY FUEL ECON-
24 OMY.—

1 “(A) IN GENERAL.—The 2002 model year
 2 city fuel economy with respect to a vehicle shall
 3 be determined in accordance with the following
 4 tables:

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

“If vehicle inertia weight class is:	The 2002 model year city fuel economy is:
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.

7 “(ii) In the case of a light truck:

“If vehicle inertia weight class is:	The 2002 model year city fuel economy is:
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.

8 “(B) VEHICLE INERTIA WEIGHT CLASS.—
 9 For purposes of subparagraph (A), the term
 10 ‘vehicle inertia weight class’ has the same

1 meaning as when defined in regulations pre-
2 scribed by the Administrator of the Environ-
3 mental Protection Agency for purposes of the
4 administration of title II of the Clean Air Act
5 (42 U.S.C. 7521 et seq.).

6 “(4) FUEL ECONOMY.—Fuel economy with re-
7 spect to any vehicle shall be measured under rules
8 similar to the rules under section 4064(c).

9 “(5) REDUCTION IN BASIS.—For purposes of
10 this subtitle, if a credit is allowed under this section
11 for any expenditure with respect to any property, the
12 increase in the basis of such property which would
13 (but for this paragraph) result from such expendi-
14 ture shall be reduced by the amount of the credit so
15 allowed.

16 “(6) NO DOUBLE BENEFIT.—The amount of
17 any deduction or credit allowable under this chapter
18 (other than the credits allowable under this section
19 and section 30) shall be reduced by the amount of
20 credit allowed under subsection (a) for such vehicle
21 for the taxable year.

22 “(7) RECAPTURE.—The Secretary shall, by reg-
23 ulations, provide for recapturing the benefit of any
24 credit allowable under subsection (a) with respect to
25 any property which ceases to be property eligible for

1 such credit (including recapture in the case of a
2 lease period of less than the economic life of a vehi-
3 cle).

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

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

14 “(10) BUSINESS CARRYOVERS ALLOWED.—If
15 the credit allowable under subsection (a) for a tax-
16 able year exceeds the limitation under subsection (g)
17 for such taxable year, such excess (to the extent of
18 the credit allowable with respect to property subject
19 to the allowance for depreciation) shall be allowed as
20 a credit carryback and carryforward under rules
21 similar to the rules of section 39.

22 “(11) INTERACTION WITH MOTOR VEHICLE
23 SAFETY STANDARDS.—Unless otherwise provided in
24 this section, a motor vehicle shall not be considered
25 eligible for a credit under this section unless such

1 vehicle is in compliance with the motor vehicle safety
2 provisions of sections 30101 through 30169 of title
3 49, United States Code.

4 “(i) REGULATIONS.—

5 “(1) IN GENERAL.—The Secretary shall pro-
6 mulgate such regulations as necessary to carry out
7 the provisions of this section.

8 “(2) DETERMINATION OF MOTOR VEHICLE ELI-
9 GIBILITY.—The Secretary, after coordination with
10 the Secretary of Transportation and the Adminis-
11 trator of the Environmental Protection Agency, shall
12 prescribe such regulations as necessary to determine
13 whether a motor vehicle meets the requirements to
14 be eligible for a credit under this section.

15 “(j) TERMINATION.—This section shall not apply to
16 any property placed in service after—

17 “(1) in the case of a new qualified alternative
18 fuel motor vehicle, December 31, 2007,

19 “(2) in the case of a new advanced lean burn
20 technology motor vehicle or a new qualified hybrid
21 motor vehicle, December 31, 2009, and

22 “(3) in the case of a new qualified fuel cell
23 motor vehicle, December 31, 2013.”.

24 (b) CONFORMING AMENDMENTS.—

1 (1) Section 30(d) of such Code (relating to spe-
2 cial rules) is amended by adding at the end the fol-
3 lowing new paragraphs:

4 “**(5) NO DOUBLE BENEFIT.**—No credit shall be
5 allowed under this section for any motor vehicle for
6 which a credit is also allowed under section 30B.”.

7 (2) Section 1016(a) of such Code is amended
8 by striking “and” at the end of paragraph (30), by
9 striking the period at the end of paragraph (31) and
10 inserting “, and”, and by adding at the end the fol-
11 lowing:

12 “(32) to the extent provided in section
13 30B(h)(5).”.

14 (3) Section 6501(m) of such Code is amended
15 by inserting “30B(h)(9),” after “30(d)(4),”.

16 (4) The table of sections for subpart B of part
17 IV of subchapter A of chapter 1 of such Code is
18 amended by inserting after the item relating to sec-
19 tion 30A the following:

“Sec. 30B. Alternative motor vehicle credit.”.

20 (c) **EFFECTIVE DATE.**—The amendments made by
21 this section shall apply to property placed in service after
22 the date of the enactment of this Act, in taxable years
23 ending after such date.

24 (d) **STICKER INFORMATION REQUIRED AT RETAIL**
25 **SALE.**—

1 (1) IN GENERAL.—The Secretary of the Treas-
2 ury shall issue regulations under which each quali-
3 fied vehicle sold at retail shall display a notice—

4 (A) that such vehicle is a qualified vehicle,
5 and

6 (B) that the buyer may not benefit from
7 the credit allowed under section 30B of the In-
8 ternal Revenue Code of 1986 if such buyer has
9 insufficient tax liability.

10 (2) QUALIFIED VEHICLE.—For purposes of
11 paragraph (1), the term “qualified vehicle” means a
12 vehicle with respect to which a credit is allowed
13 under section 30B of the Internal Revenue Code of
14 1986.

15 **SEC. 4. MODIFICATIONS OF DEDUCTION FOR CERTAIN RE-**
16 **FUELING PROPERTY.**

17 (a) IN GENERAL.—Subsection (f) of section 179A of
18 the Internal Revenue Code of 1986 is amended to read
19 as follows:

20 “(f) TERMINATION.—This section shall not apply to
21 any property placed in service—

22 “(1) in the case of property relating to hydro-
23 gen, after December 31, 2012, and

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

1 (b) INCENTIVE FOR PRODUCTION OF HYDROGEN AT
2 QUALIFIED CLEAN-FUEL VEHICLE REFUELING PROP-
3 erty.—Section 179A(d) of such Code (defining qualified
4 clean-fuel vehicle refueling property) is amended by adding
5 at the end the following new flush sentence: “In the case
6 of clean-burning fuel which is hydrogen produced from an-
7 other clean-burning fuel, paragraph (3)(A) shall be ap-
8 plied by substituting ‘production, storage, or dispensing’
9 for ‘storage or dispensing’ both places it appears.”.

10 (c) INCREASE IN LOCATION EXPENDITURES.—Sec-
11 tion 179A(b)(2)(A)(i) of such Code is amended by striking
12 “\$100,000” and inserting “\$150,000”.

13 (d) NONBUSINESS USE OF QUALIFIED CLEAN-FUEL
14 VEHICLE REFUELING PROPERTY.—Section 179A(d) of
15 such Code is amended by striking paragraph (1) and by
16 redesignating paragraphs (2) and (3) as paragraphs (1)
17 and (2), respectively.

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

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