109TH CONGRESS
2D SESSION

S. 3694

To increase fuel economy standards for automobiles and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 19, 2006

Mr. OBAMA (for himself, Mr. LUGAR, Mr. BIDEN, Mr. SMITH, Mr. BINGAMAN, Mr. HARKIN, Mr. COLEMAN, and Mr. DURBIN) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To increase fuel economy standards for automobiles and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Fuel Economy Reform Act''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) United States dependence on oil imports imposes tremendous burdens on America's economy, foreign policy, and military.

(2) According to the Energy Information Administration, 60 percent of the crude oil and petroleum products consumed in the United States between April 2005 and March 2006 (12,400,000 barrels per day) was imported. At a cost of $75 per barrel of oil, Americans remit more than $600,000 per minute to other countries for petroleum, money that could have been spent creating domestic jobs and strengthening our Nation's economy.

(3) A significant percentage of these petroleum imports originate in countries controlled by regimes that are unstable or openly hostile to the interests of the United States. Dependence on production from these countries contributes to the volatility of domestic and global markets and the ''risk premium'' paid by American consumers.

(4) The Energy Information Administration projects that the total petroleum demand in the United States will increase by 23 percent between 2006 and 2026, while domestic crude production is expected to decrease by 11 percent, resulting in an anticipated 28 percent increase in petroleum imports. Absent significant action, our Nation will become more vulnerable to oil price increases, more de-

pendent upon foreign oil, and less able to pursue our national interests.

(5) America's ability to broadly transition to alternative fuels, such as cellulosic ethanol and hydrogen, is predicated upon producing more fuel-efficient vehicles. Failure to do so would tax scarce resources and increase long-term costs.

(6) Two-thirds of all domestic oil use occurs in the transportation sector, which is 97 percent reliant upon petroleum-based fuels. Passenger vehicles, including light trucks under 10,000 pounds gross vehicle weight, represent over 60 percent of the oil used in the transportation sector.

(7) Corporate average fuel economy of all cars and trucks improved by 70 percent between 1975 and 1987. Between 1987 and 2006, fuel economy improvements have stagnated and are much worse than the vehicle fuel economy in many developed countries and some developing countries, including China.

(8) Significant improvements in engine technology occurred between 1986 and 2006. These advances have been used to make vehicles larger and more powerful, rather than to increase fuel economy. Between 1985 and 2005, average vehicle horsepower

nearly doubled, average vehicle weight increased by 25 percent, and acceleration times for new vehicles improved by 25 percent. During the same time period, average vehicle fuel economy decreased by 2 percent.

(9) According to a 2002 fuel economy report by the National Academies of Science, improvements in gasoline engine technology offer the opportunity to increase fuel economy by 50 percent, while maintaining vehicle size and performance and improving safety. The fleet analyzed by the Academies would average 37 miles per gallon. When the report was released in 2002, it noted that these technologies could be available for wide use within 10 to 15 years.

(10) The 2002 fuel economy report study clearly states that fuel economy can be increased without negatively impacting the safety of America's cars and trucks. Some new technologies can increase both safety and fuel economy (such as high strength materials, unibody design, lower bumpers). Design changes related to fuel economy also present opportunities to reduce the incompatibility of tall, stiff, heavy vehicles with the majority of vehicles on the road.

(11) A 2004 report by David Greene of Oak Ridge National Labs entitled, ''The Effect of Fuel Economy on Automobile Safety: A Reexamination'', demonstrates that fuel economy is not linked with increased fatalities. The report notes that, ''higher mpg is significantly correlated with fewer fatalities''. In other words, a thorough analysis of data from 1966 to 2002 indicates that vehicle manufacturers can simultaneously increase fuel economy and improve vehicle safety.

(12) A 2002 study entitled, ''An Analysis of Traffic Deaths by Vehicle Type and Model'', by Marc Ross and Tom Wenzel from the University of Michigan, demonstrates that large vehicles do not have lower fatality rates than smaller vehicles. Ross and Wenzel analyzed Federal accident data between 1995 and 1999 and showed that the Honda Civic and Volkswagen Jetta both had lower fatality rates for the driver than the Ford Explorer, the Dodge Ram, or the Toyota 4Runner. Even the largest vehicles, such as the Chevrolet Tahoe and Suburban, had fatality rates that were no better than the Jetta or the Nissan Maxima. In other words, a well-designed compact car can be safer than an sport-utility

vehicle or a pickup truck. Design, rather than weight, is the key to vehicle safety.

(13) Significant change must occur to strengthen the economic competitiveness of the domestic auto industry. According to a recent study by the University of Michigan, a sustained gasoline price of $2.86 per gallon would lead Detroit's Big 3 automakers' profits to shrink by $7,000,000,000 as they absorb 75 percent of the lost vehicle sales. This would put nearly 300,000 Americans out of work.

(14) Opportunities exist to strengthen the domestic vehicle industry while improving fuel economy. A 2004 study performed by the University of Michigan concludes that the provision of $1,500,000,000 in tax incentives over 10 years to enable the retrofit of domestic manufacturing and parts facilities to produce clean cars would lead to a gain of nearly 60,000 domestic jobs and pay for itself through the resulting increase in domestic tax receipts.

SEC. 3. DEFINITION OF AUTOMOBILE.

(a) IN GENERAL.—Section 32901(a)(3) of title 49, United States Code, is amended by striking ''rated at—'' and all that follows through the period at the end and

inserting ''rated at not more than 10,000 pounds gross vehicle weight.''.

(b) FUEL ECONOMY INFORMATION.—Section 32908(a) of title 49, United States Code, is amended, by striking ''section—'' and all that follows through ''(2)'' and inserting ''section, the term''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to model year 2009 and each subsequent model year.

SEC. 4. AVERAGE FUEL ECONOMY STANDARDS.

(a) STANDARDS.—Section 32902 of title 49, United States Code, is amended—

(1) in subsection (a)—

(A) in the header, by inserting ''MANUFACTURED BEFORE MODEL YEAR 2012'' after ''NON-PASSENGER AUTOMOBILES''; and

(B) by adding at the end the following: ''This subsection shall not apply to automobiles manufactured after model year 2011.'';

(2) in subsection (b)—

(A) in the header, by inserting ''MANUFACTURED BEFORE MODEL YEAR 2012'' after ''PASSENGER AUTOMOBILES'';

(B) by inserting ''and before model year 2009'' after ''1984''; and

(C) by adding at the end the following: ''Such standard shall be increased by 4 percent per year for model years 2009 through 2011 (rounded to the nearest 1/10 mile per gallon)'';

(3) by amending subsection (c) to read as follows:

''(c) AUTOMOBILES MANUFACTURED AFTER MODEL YEAR 2011.—(1) Not later than 18 months before the beginning of each model year after model year 2011, the Secretary of Transportation shall prescribe, by regulation—

''(A) an average fuel economy standard for automobiles manufactured by a manufacturer in that model year; or

''(B) based on 1 or more vehicle attributes that relate to fuel economy—

''(i) separate standards for different classes of automobiles; or

''(ii) standards expressed in the form of a mathematical function.

''(2)(A) Except as provided under paragraphs (3) and (4) and subsection (d), standards under paragraph (1) shall attain a projected aggregate level of average fuel economy of 27.5 miles per gallon for all automobiles manufactured by all manufacturers for model year 2012.

''(B) The projected aggregate level of average fuel economy for model year 2013 and each succeeding model year shall be increased by 4 percent from the level for the prior model year (rounded to the nearest 1/10 mile per gallon).

''(C) Notwithstanding subparagraphs (A) and (B), the fleetwide average fuel economy standard for passenger automobiles manufactured by a manufacturer in a model year for that manufacturer's domestic fleet and for its foreign fleet as calculated under section 32904 as in effect before the date of enactment of the Fuel Economy Reform Act shall not be less than 92 percent of the average fuel economy projected by the Secretary for the combined domestic and foreign fleets manufactured by all manufacturers in that model year.

''(3) If the actual aggregate level of average fuel economy achieved by manufacturers for each of 3 consecutive model years is at least 5 percent less than the projected aggregate level of average fuel economy for such model year, the Secretary shall make appropriate adjustments to the standards prescribed under this subsection.

''(4)(A) Notwithstanding paragraphs (1) through (3) and subsection (b), the Secretary of Transportation may prescribe a lower average fuel economy standard for 1 or more model years if the Secretary of Transportation, in

consultation with the Secretary of Energy, determines that the minimum standards prescribed under paragraph (2) or (3) or subsection (b) for each model year—

''(i) are technologically unachievable;

''(ii) cannot be achieved without materially reducing the overall safety of automobiles manufactured or sold in the United States; or

''(iii) is shown, by clear and convincing evidence, not to be cost effective.

''(B) If a lower standard is prescribed for a model year under subparagraph (A), such standard shall be the maximum standard that—

''(i) is technologically achievable;

''(ii) can be achieved without materially reducing the overall safety of automobiles manufactured or sold in the United States; and

''(iii) is cost effective.

''(5) In determining cost effectiveness under paragraph (4)(A)(iii), the Secretary of Transportation shall take into account the total value to the Nation of reduced petroleum use, including the value of reducing external costs of petroleum use, using a value for such costs equal to 50 percent of the value of a gallon of gasoline saved or the amount determined in an analysis of the external costs of petroleum use that considers—

''(A) value to consumers;

''(B) economic security;

''(C) national security;

''(D) foreign policy;

''(E) the impact of oil use—

''(i) on sustained cartel rents paid to foreign suppliers;

''(ii) on long-run potential gross domestic product due to higher normal-market oil price levels, including inflationary impacts;

''(iii) on import costs, wealth transfers, and potential gross domestic product due to increased trade imbalances;

''(iv) on import costs and wealth transfers during oil shocks;

''(v) on macroeconomic dislocation and adjustment costs during oil shocks;

''(vi) on the cost of existing energy security policies, including the management of the Strategic Petroleum Reserve;

''(vii) on the timing and severity of the oil peaking problem;

''(viii) on the risk, probability, size, and duration of oil supply disruptions;

"(ix) on OPEC strategic behavior and long-run oil pricing;

"(x) on the short term elasticity of energy demand and the magnitude of price increases resulting from a supply shock;

"(xi) on oil imports, military costs, and related security costs, including intelligence, homeland security, sea lane security and infrastructure, and other military activities;

"(xii) on oil imports, diplomatic and foreign policy flexibility, and connections to geopolitical strife, terrorism, and international development activities;

"(xiii) all relevant environmental hazards under the jurisdiction of the Environmental Protection Agency; and

"(xiv) on well-to-wheels urban and local air emissions of 'pollutants' and their uninternalized costs;

"(F) the impact of the oil or energy intensity of the United States economy on the sensitivity of the economy to oil price changes, including the magnitude of gross domestic product losses in response to short term price shocks or long term price increases;

''(G) the impact of United States payments for oil imports on political, economic, and military developments in unstable or unfriendly oil exporting countries;

''(H) the uninternalized costs of pipeline and storage oil seepage, and for risk of oil spills from production, handling, and transport, and related landscape damage; and

''(I) additional relevant factors, as determined by the Secretary.

''(6) When considering the value to consumers of a gallon of gasoline saved, the Secretary of Transportation may not use a value less than the greatest of—

''(A) the average national cost of a gallon of gasoline sold in the United States during the 12-month period ending on the date on which the new fuel economy standard is proposed;

''(B) the most recent weekly estimate by the Energy Information Administration of the Department of Energy of the average national cost of a gallon of gasoline (all grades) sold in the United States; or

''(C) the gasoline prices projected by the Energy Information Administration for the 20-year pe-

riod beginning in the year following the year in which the standards are established.

''(7) In prescribing standards under this subsection, the Secretary may prescribe standards for 1 or more model years.

''(8)(A) Not later than December 31, 2016, the Secretary of Transportation, the Secretary of Energy, and the Administrator of the Environmental Protection Agency shall submit a joint report to Congress on the state of global automotive efficiency technology development, and on the accuracy of tests used to measure fuel economy of automobiles under section 32904(c), utilizing the study and assessment of the National Academy of Sciences referred to in subparagraph (B).

''(B) The Secretary shall enter into appropriate arrangements with the National Academy of Sciences to conduct a comprehensive study of the technological opportunities to enhance fuel economy and an analysis and assessment of the accuracy of fuel economy tests used by the Administrator of the Environmental Protection Agency to measure fuel economy for each model under section 32904(c). Such analysis and assessment shall identify any additional factors or methods that should be included in tests to measure fuel economy for each model to more accurately reflect actual fuel economy of automobiles. The

Secretary and the Administrator of the Environmental Protection Agency shall furnish, at the request of the Academy, any information which the Academy determines to be necessary to conduct the study, analysis, and assessment under this subparagraph.

''(C) The report submitted under subparagraph (A) shall include—

''(i) the study of the National Academy of Sciences referred to in subparagraph (B); and

''(ii) an assessment by the Secretary of technological opportunities to enhance fuel economy and opportunities to increase overall fleet safety.

''(D) The report submitted under subparagraph (A) shall identify and examine additional opportunities to reform the regulatory structure under this chapter, including approaches that seek to merge vehicle and fuel requirements into a single system that achieves equal or greater reduction in petroleum use and environmental benefits.

''(E) The report submitted under subparagraph (A) shall—

''(i) include conclusions reached by the Administrator of the Environmental Protection Agency, as a result of detailed analysis and public comment, on the accuracy of current fuel economy tests;

''(ii) identify any additional factors that the Administrator determines should be included in tests to measure fuel economy for each model to more accurately reflect actual fuel economy of automobiles; and

''(iii) include a description of options, formulated by the Secretary and the Administrator, to incorporate such additional factors in fuel economy tests in a manner that will not effectively increase or decrease average fuel economy for any automobile manufacturer.

''(F) There is authorized to be appropriated to the Secretary such amounts as are required to carry out the study, analysis, and assessment required by subparagraph (B).''; and

(4) in subsection (g)(2), by striking ''(and submit the amendment to Congress when required under subsection (c)(2) of this section)''.

(b) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Chapter 329 of title 49, United States Code, is amended—

(A) in section 32903—

(i) by striking ''passenger'' each place it appears;

(ii) by striking ''section 32902(b)–(d) of this title'' each place it appears and inserting ''subsection (c) or (d) of section 32902'';

(iii) by striking subsection (e); and

(iv) by redesignating subsection (f) as subsection (e); and

(B) in section 32904(a)—

(i) by striking ''passenger'' each place it appears; and

(ii) in paragraph (1), by striking ''subject to'' and all that follows through ''section 32902(b)–(d) of this title'' and inserting ''subsection (c) or (d) of section 32902''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to automobiles manufactured after model year 2011.

SEC. 5. CREDIT TRADING AND COMPLIANCE.

(a) CREDIT TRADING.—Section 32903(a) of title 49, United States Code, is amended—

(1) by inserting ''Credits earned by a manufacturer under this section may be sold to any other manufacturer and used as if earned by that manufacturer; except that credits earned by a manufac-

turer described in section 32904(b)(1)(A)(i) may not be sold to or purchased by a manufacturer described in 32904(b)(1)(A)(ii),'' after ''earns credits.''; and

(2) by striking ''3 consecutive model years immediately'' each place it appears and inserting ''model years''.

(b) TREATMENT OF IMPORTS.—

(1) CONFORMING AMENDMENT.—Section 32904(b) is amended by striking ''passenger'' each place it appears.

(2) APPLICABILITY.—The amendments made by paragraph (1) shall apply to automobiles manufactured after model year 2011.

(c) MULTI-YEAR COMPLIANCE PERIOD.—Section 32904(c) of such title is amended—

(1) by inserting ''(1)'' before ''The Administrator''; and

(2) by adding at the end the following:

''(2) The Secretary, by rule, may allow a manufacturer to elect a multi-year compliance period of not more than 4 consecutive model years in lieu of the single model year compliance period otherwise applicable under this chapter.''.

SEC. 6. CONSUMER TAX CREDIT.

(a) ELIMINATION ON NUMBER OF NEW QUALIFIED HYBRID AND ADVANCED LEAN BURN TECHNOLOGY VEHICLES ELIGIBLE FOR ALTERNATIVE MOTOR VEHICLE CREDIT.—

(1) IN GENERAL.—Section 30B of the Internal Revenue Code of 1986 is amended—

(A) by striking subsection (f); and

(B) by redesignating subsections (g) through (j) as subsections (f) through (i), respectively.

(2) CONFORMING AMENDMENTS.—

(A) Paragraphs (4) and (6) of section 30B(h) of such Code are each amended by striking ''(determined without regard to subsection (g))'' and inserting ''determined without regard to subsection (f))''.

(B) Section 38(b)(25) of such Code is amended by striking ''section 30B(g)(1)'' and inserting ''section 30B(f)(1)''.

(C) Section 55(c)(2) of such Code is amended by striking ''section 30B(g)(2)'' and inserting ''section 30B(f)(2)''.

(D) Section 1016(a)(36) of such Code is amended by striking ''section 30B(h)(4)'' and inserting ''section 30B(g)(4)''.

(E) Section 6501(m) of such Code is amended by striking ''section 30B(h)(9)'' and inserting ''section 30B(g)(9)''.

(b) EXTENSION OF ALTERNATIVE VEHICLE CREDIT FOR NEW QUALIFIED HYBRID MOTOR VEHICLES.—Paragraph (3) of section 30B(i) of such Code (as redesignated by subsection (a)) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

SEC. 7. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to foreign tax credit, etc.) is amended by adding at the end the following new section:

''SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 35 percent of the qualified investment of an eligible taxpayer for such taxable year.

''(b) QUALIFIED INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The qualified investment for any taxable year is equal to the incremental costs incurred during such taxable year—

''(A) to re-equip, expand, or establish any manufacturing facility in the United States of the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components,

''(B) for engineering integration performed in the United States of such vehicles and components as described in subsection (d),

''(C) for research and development performed in the United States related to advanced technology motor vehicles and eligible components, and

''(D) for employee retraining with respect to the manufacturing of such vehicles or components (determined without regard to wages or salaries of such retrained employees).

''(2) ATTRIBUTION RULES.—In the event a facility of the eligible taxpayer produces both advanced technology motor vehicles and conventional motor vehicles, or eligible and non-eligible components, only

the qualified investment attributable to production of advanced technology motor vehicles and eligible components shall be taken into account.

''(c) DEFINITIONS.—In this section:

''(1) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term 'advanced technology motor vehicle' means—

''(A) any qualified electric vehicle (as defined in section 30(c)(1)),

''(B) any new qualified fuel cell motor vehicle (as defined in section 30B(b)(3)),

''(C) any new advanced lean burn technology motor vehicle (as defined in section 30B(c)(3)),

''(D) any new qualified hybrid motor vehicle (as defined in section 30B(d)(2)(A) and determined without regard to any gross vehicle weight rating),

''(E) any new qualified alternative fuel motor vehicle (as defined in section 30B(e)(4), including any mixed-fuel vehicle (as defined in section 30B(e)(5)(B)), and

''(F) any other motor vehicle using electric drive transportation technology (as defined in paragraph (3)).

''(2) ELECTRIC DRIVE TRANSPORTATION TECHNOLOGY.—The term 'electric drive transportation technology' means technology used by vehicles that use an electric motor for all or part of their motive power and that may or may not use off-board electricity, such as battery electric vehicles, fuel cell vehicles, engine dominant hybrid electric vehicles, plug-in hybrid electric vehicles, and plug-in hybrid fuel cell vehicles.

''(3) ELIGIBLE COMPONENTS.—The term 'eligible component' means any component inherent to any advanced technology motor vehicle, including—

''(A) with respect to any gasoline or diesel-electric new qualified hybrid motor vehicle—

''(i) electric motor or generator;

''(ii) power split device;

''(iii) power control unit;

''(iv) power controls;

''(v) integrated starter generator; or

''(vi) battery;

''(B) with respect to any hydraulic new qualified hybrid motor vehicle—

''(i) accumulator or other energy storage device;

''(ii) hydraulic pump;

''(iii) hydraulic pump-motor assembly;

''(iv) power control unit; and

''(v) power controls;

''(C) with respect to any new advanced lean burn technology motor vehicle—

''(i) diesel engine;

''(ii) turbo charger;

''(iii) fuel injection system; or

''(iv) after-treatment system, such as a particle filter or NOx absorber; and

''(D) with respect to any advanced technology motor vehicle, any other component submitted for approval by the Secretary.

''(4) ELIGIBLE TAXPAYER.—The term 'eligible taxpayer' means any taxpayer if more than 20 percent of the taxpayer's gross receipts for the taxable year is derived from the manufacture of motor vehicles or any component parts of such vehicles.

''(d) ENGINEERING INTEGRATION COSTS.—For purposes of subsection (b)(1)(B), costs for engineering integration are costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks related to—

''(1) establishing functional, structural, and performance requirements for component and sub-

systems to meet overall vehicle objectives for a specific application,

''(2) designing interfaces for components and subsystems with mating systems within a specific vehicle application,

''(3) designing cost effective, efficient, and reliable manufacturing processes to produce components and subsystems for a specific vehicle application, and

''(4) validating functionality and performance of components and subsystems for a specific vehicle application.

''(e) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(1) the sum of—

''(A) the regular tax liability (as defined in section 26(b)) for such taxable year, plus

''(B) the tax imposed by section 55 for such taxable year and any prior taxable year beginning after 1986 and not taken into account under section 53 for any prior taxable year, over

''(2) the sum of the credits allowable under subpart A and sections 27, 30, and 30B for the taxable year.

''(f) REDUCTION IN BASIS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this paragraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(g) NO DOUBLE BENEFIT.—

''(1) COORDINATION WITH OTHER DEDUCTIONS AND CREDITS.—Except as provided in paragraph (2), the amount of any deduction or other credit allowable under this chapter for any cost taken into account in determining the amount of the credit under subsection (a) shall be reduced by the amount of such credit attributable to such cost.

''(2) RESEARCH AND DEVELOPMENT COSTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any amount described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year shall not be taken into account for purposes of determining

the credit under section 41 for such taxable year.

''(B) COSTS TAKEN INTO ACCOUNT IN DETERMINING BASE PERIOD RESEARCH EXPENSES.—Any amounts described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

''(h) BUSINESS CARRYOVERS ALLOWED.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under subsection (e) for such taxable year, such excess (to the extent of the credit allowable with respect to property subject to the allowance for depreciation) shall be allowed as a credit carryback to each of the 15 taxable years immediately preceding the unused credit year and as a carryforward to each of the 20 taxable years immediately following the unused credit year.

''(i) SPECIAL RULES.—For purposes of this section, rules similar to the rules of section 179A(e)(4) and paragraphs (1) and (2) of section 41(f) shall apply

''(j) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

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

''(l) TERMINATION.—This section shall not apply to any qualified investment after December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a) of the Internal Revenue Code of 1986 is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by adding at the end the following new paragraph:

''(38) to the extent provided in section 30D(g).''.

(2) Section 6501(m) of such Code is amended by inserting ''30D(k),'' after ''30C(e)(5),''.

(3) The table of sections for subpart B of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 30C the following new item:

''Sec. 30D. Advanced technology motor vehicles manufacturing credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts incurred in taxable years beginning after December 31, 1999.

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