

109TH CONGRESS  
2D SESSION

# S. 3908

To amend the Internal Revenue Code of 1986 to provide a credit for fuel-efficient motor vehicles and to require major integrated oil companies to amortize intangible drilling and development costs.

---

## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18, 2006

Mr. WYDEN (for himself and Mr. BENNETT) introduced the following bill;  
which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for fuel-efficient motor vehicles and to require major integrated oil companies to amortize intangible drilling and development costs.

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 “Oil Independence, Lim-  
5 iting Subsidies, and Accelerating Vehicle Efficiency  
6 (OILSAVE) Act”.

1 **SEC. 2. TAX CREDIT FOR FUEL-EFFICIENT MOTOR VEHI-**  
 2 **CLES.**

3 (a) IN GENERAL.—Subpart B of part IV of sub-  
 4 chapter A of chapter 1 of the Internal Revenue Code of  
 5 1986 (relating to other credits) is amended by inserting  
 6 after section 30C the following new section:

7 **“SEC. 30D. FUEL-EFFICIENT MOTOR VEHICLE CREDIT.**

8 “(a) ALLOWANCE OF CREDIT.—There shall be al-  
 9 lowed a credit against the tax imposed by this chapter for  
 10 the taxable year an amount equal to the applicable amount  
 11 for each new qualified fuel-efficient motor vehicle placed  
 12 in service by the taxpayer during the taxable year.

13 “(b) NEW QUALIFIED FUEL-EFFICIENT MOTOR VE-  
 14 HICLE.—For purposes of this section, the term ‘new quali-  
 15 fied fuel-efficient motor vehicle’ means a motor vehicle (as  
 16 defined under section 30(c)(2))—

17 “(1) which is a passenger automobile or a light  
 18 truck,

19 “(2) which—

20 “(A) in the case of a passenger automobile,  
 21 achieves a fuel economy of not less than 34.5  
 22 miles per gallon, and

23 “(B) in the case of a light truck, achieves  
 24 a fuel economy of not less than 27.5 miles per  
 25 gallon,

- 1           “(3) the original use of which commences with  
2           the taxpayer,  
3           “(4) which is acquired for use or lease by the  
4           taxpayer and not for resale, and  
5           “(5) which is made by a manufacturer for  
6           model year 2007, 2008, 2009, 2010, or 2011.  
7           “(c) APPLICABLE AMOUNT.—For purposes of this  
8           section, the applicable amount shall be determined as fol-  
9           lows:

“If the motor vehicle achieves a fuel economy of:	In the case of a pas- senger auto- mobile, the applicable amount is:	In the case of a light truck, the applicable amount is:
27.5 miles per gallon .....	\$0	\$630
28.5 .....	0	710
29.5 .....	0	780
30.5 .....	0	850
31.5 .....	0	920
32.5 .....	0	980
33.5 .....	0	1,040
34.5 .....	630	1,090
35.5 .....	700	1,140
36.5 .....	760	1,190
37.5 .....	820	1,240
38.5 .....	880	1,280
39.5 .....	940	1,320
40.5 .....	990	1,360
41.5 .....	1,040	1,400
42.5 .....	1,090	1,430
43.5 .....	1,140	1,470
44.5 .....	1,180	1,500
45.5 .....	1,220	1,530
46.5 .....	1,260	1,560
47.5 .....	1,300	1,590
48.5 .....	1,340	1,620
49.5 .....	1,370	1,640
50.5 .....	1,410	1,670
51.5 .....	1,440	1,690
52.5 .....	1,470	1,720
53.5 .....	1,500	1,740

“If the motor vehicle achieves a fuel economy of:	In the case of a pas- senger auto- mobile, the applicable amount is:	In the case of a light truck, the applicable amount is:
54.5 .....	1,530	1,760
55.5 .....	1,560	1,780
56.5 .....	1,590	1,800
57.5 .....	1,610	1,820
58.5 .....	1,640	1,840
59.5 or more .....	1,660	1,860

1       “(d) OTHER DEFINITIONS AND SPECIAL RULES.—

2 For purposes of this section—

3           “(1) FUEL ECONOMY.—The term ‘fuel econ-  
4 omy’ has the meaning given such term under section  
5 32901(a)(10) of title 49, United States Code.

6           “(2) MODEL YEAR.—The term ‘model year’ has  
7 the meaning given such term under section  
8 32901(a)(14) of such title.

9           “(3) OTHER TERMS.—The terms ‘passenger  
10 automobile’, ‘light truck’, and ‘manufacturer’ have  
11 the meaning given such terms in regulations pre-  
12 scribed by the Administrator of the Environmental  
13 Protection Agency for purposes of the administra-  
14 tion of title II of the Clean Air Act.

15           “(4) 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.

1 “(5) NO DOUBLE BENEFIT.—

2 “(A) COORDINATION WITH OTHER VEHI-  
3 CLE CREDITS.—No credit shall be allowed  
4 under subsection (a) with respect to any new  
5 qualified fuel-efficient motor vehicle for any tax-  
6 able year if a credit is allowed with respect to  
7 such motor vehicle for such taxable year under  
8 section 30 or 30B.

9 “(B) OTHER TAX BENEFITS.—The amount  
10 of any deduction or credit (other than the credit  
11 allowable under this section and any credit de-  
12 scribed in subparagraph (A)) allowable under  
13 this chapter with respect to any new qualified  
14 fuel-efficient motor vehicle shall be reduced by  
15 the amount of credit allowed under subsection  
16 (a) for such motor vehicle for such taxable year.

17 “(6) PROPERTY USED OUTSIDE THE UNITED  
18 STATES, ETC., NOT QUALIFIED.—No credit shall be  
19 allowable under subsection (a) with respect to any  
20 property referred to in section 50(b)(1) or with re-  
21 spect to the portion of the cost of any property  
22 taken into account under section 179.

23 “(7) ELECTION NOT TO TAKE CREDIT.—No  
24 credit shall be allowed under subsection (a) for any

1 vehicle if the taxpayer elects not to have this section  
 2 apply to such vehicle.

3 “(8) 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 “(e) CREDIT MAY BE TRANSFERRED.—

18 “(1) IN GENERAL.—A taxpayer may, in connec-  
 19 tion with the purchase of a new qualified fuel-effi-  
 20 cient motor vehicle, transfer any credit allowable  
 21 under subsection (a) to any person who is in the  
 22 trade or business of selling new qualified fuel-effi-  
 23 cient motor vehicles, but only if such person clearly  
 24 discloses to such taxpayer, through the use of a win-

1       dow sticker attached to the new qualified fuel-effi-  
 2       cient vehicle—

3               “(A) the amount of any credit allowable  
 4               under subsection (a) with respect to such vehi-  
 5               cle, and

6               “(B) a notification that the taxpayer will  
 7               not be eligible for any credit under section 30  
 8               or 30B with respect to such vehicle unless the  
 9               taxpayer elects not to have this section apply  
 10              with respect to such vehicle.

11             “(2) CONSENT REQUIRED FOR REVOCATION.—

12       Any transfer under paragraph (1) may be revoked  
 13       only with the consent of the Secretary.

14             “(3) REGULATIONS.—The Secretary may pre-  
 15       scribe such regulations as necessary to ensure that  
 16       any credit described in paragraph (1) is claimed  
 17       once and not retransferred by a transferee.”.

18       (b) CONFORMING AMENDMENTS.—

19             (1) Section 1016(a) of the Internal Revenue  
 20       Code of 1986 is amended by striking “and” at the  
 21       end of paragraph (36), by striking the period at the  
 22       end of paragraph (37) and inserting “, and”, and by  
 23       adding at the end the following new paragraph:

24             “(38) to the extent provided in section  
 25       30D(d)(4).”.

1           (2) Section 6501(m) of such Code is amended  
2           by inserting “30D(d)(7),” after “30C(e)(5),”.

3           (3) The table of section for subpart C of part  
4           IV of subchapter A of chapter 1 of such Code is  
5           amended by inserting after the item relating to sec-  
6           tion 30C the following new item:

“Sec. 30D. Fuel-efficient motor vehicle credit.”.

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

10   **SEC. 3. AMORTIZATION OF INTANGIBLE DRILLING AND DE-**  
11                           **VELOPMENT COSTS FOR MAJOR INTEGRATED**  
12                           **OIL COMPANIES.**

13           (a) IN GENERAL.—Subsection (i) of section 263 of  
14           the Internal Revenue Code of 1986 is amended—

15                   (1) by striking “INCURRED OUTSIDE THE  
16           UNITED STATES” in the heading,

17                   (2) by inserting “or owned or operated by a  
18           major integrated oil company (as defined in section  
19           167(h)(5)(B))” after “United States”, and

20                   (3) by inserting “located outside the United  
21           States” after “nonproductive well” in the last sen-  
22           tence thereof.



1       (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to costs paid or incurred after the  
3 date of the enactment of this Act.

