

110TH CONGRESS  
2D SESSION

# H. R. 6385

To provide a large-scale national effort to improve the state of our national security, economy and environment by providing market incentives to produce and deploy alternative energy solutions and reduce our dependence on foreign oil.

---

## IN THE HOUSE OF REPRESENTATIVES

JUNE 26, 2008

Mr. KIRK (for himself, Mrs. BIGGERT, and Mr. SHAYS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Science and Technology, Energy and Commerce, Education and Labor, Rules, Natural Resources, Agriculture, Armed Services, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To provide a large-scale national effort to improve the state of our national security, economy and environment by providing market incentives to produce and deploy alternative energy solutions and reduce our dependence on foreign oil.

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 “Apollo Energy Independence Act of 2008”.

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

Sec. 3. Purposes.

#### TITLE I—ENHANCING DEVELOPMENT OF ALTERNATIVE AND RENEWABLE ENERGY

Sec. 101. Renewable energy credit made permanent.

Sec. 102. Production credit for electricity produced from marine renewables.

Sec. 103. Energy credit.

Sec. 104. New clean renewable energy bonds.

Sec. 105. Advanced Nuclear Power Production.

Sec. 106. Loan guarantees for construction of advanced nuclear facilities.

#### TITLE II—IMPROVING ENERGY EFFICIENCY

Sec. 201. Make permanent the tax credit for residential energy-efficient prop-  
erty.

Sec. 202. Make permanent the energy efficiency credit for existing homes.

Sec. 203. Make permanent the energy efficiency commercial buildings deduc-  
tion.

Sec. 204. Make permanent the credit for production of energy-efficient appli-  
ances.

#### TITLE III—ENHANCING PRODUCTION AND DEPLOYMENT OF ALTERNATIVE VEHICLES AND FUELS

Sec. 301. Consumer incentives to purchase advanced technology vehicles.

Sec. 302. Advanced technology motor vehicles manufacturing credit.

Sec. 303. Production tax credit for any commercial vehicle that attains an EPA  
fuel economy standard of 100 mpg.

Sec. 304. Credit for production of cellulosic biofuel.

Sec. 305. Establish a permanent production tax credit for hydrogen fuels.

Sec. 306. Rate of credit for alternative fuel vehicle refueling property increased  
from 30 to 60 percent.

Sec. 307. Use of CAFÉ penalties to support the Clean Cities Initiative.

Sec. 308. Exclusion from heavy truck tax for idling reduction units and ad-  
vanced insulation.

Sec. 309. Advanced hydrogen storage technologies.

Sec. 310. Plug-in electric drive vehicle technology program.

TITLE IV—REDUCING CONSUMER ENERGY AND GASOLINE COSTS

Sec. 401. Refundable employer credit for providing tax-free transit passes to employees.

Sec. 402. Reduction in number of boutique fuels.

Sec. 403. Green schools grant program.

Sec. 404. Extension and greening of qualified zone academy bonds.

Sec. 405. Study on the reduction of energy costs in public schools.

Sec. 406. Ethanol.

TITLE V—OFFSETS

Sec. 501. FY09 cost.

Sec. 502. Conservation of resources fees.

Sec. 503. Reduction in payment acres for direct and counter-cyclical payments under Department of Agriculture commodity programs.

Sec. 504. Reduction in maximum amount of direct, counter-cyclical, and ACRE payments paid to producers under Department of Agriculture commodity programs.

Sec. 505. Consolidation of military exchange stores system.

Sec. 506. Revised pricing structure for depot-level activities of the Department of Defense.

Sec. 507. Restrict Universal Service Fund support to 2 connections per household.

Sec. 508. Improve Treasury payment transaction integrity.

Sec. 509. Modernize Treasury cash investment practices.

Sec. 510. Food Safety and Inspection Service user fees.

1 **SEC. 2. FINDINGS.**

2 The Congress finds the following:

3 (1) The United States is the world's largest  
4 per-capita oil consumer and is projected to remain  
5 such through at least 2030.

6 (2) Crude oil prices increased by more than 400  
7 percent in the past 10 years.

8 (3) The retail price of gasoline increased by  
9 nearly 200 percent in the past 10 years.

10 (4) The retail price of electricity increased by  
11 30 percent in the past 10 years.

1           (5) On June 10, 2008, the national average  
2 cost of gasoline surpassed a record \$4.00 per gallon.

3           (6) Foreign oil accounts for 23.5 percent of  
4 United States energy consumption. This represents  
5 the largest component of American's energy profile.

6           (7) The United States is the world's largest oil  
7 importer, spending over \$500 billion per year on for-  
8 eign oil.

9           (8) 62 percent of the proved world oil reserves  
10 reside in countries considered "not free" by leading  
11 human rights organizations.

12           (9) Oil revenues to dictatorial nations help pro-  
13 vide funding for state-sponsored terrorism against  
14 America and her allies; the acquisition of weapons of  
15 mass destruction; and the sustainability of corrupt  
16 political systems which continue to subjugate their  
17 citizenry.

18           (10) America's dependence on oil is a threat to  
19 our national security, economic prosperity and envi-  
20 ronmental sustainability.

21           (11) The \$20 billion NASA Apollo program was  
22 the first and most comprehensive national effort to  
23 achieve technological advancement in the history of  
24 our Nation. Between 1963 and 1972, the United

1 States spent \$19.5 billion to realize one of her most  
2 prestigious accomplishments—landing on the moon.

3 **SEC. 3. PURPOSES.**

4 The purposes of this Act are—

5 (1) to establish long-term market incentives in  
6 order to spur development, deployment and demand  
7 of renewable and alternative energy, vehicles and  
8 fuel; and

9 (2) to provide resources on the scale of the  
10 NASA Apollo program, to achieve preeminence in ef-  
11 ficient and alternative energy consumption for the  
12 United States and to develop America’s capability to  
13 live and work without dependence on foreign oil.

14 **TITLE I—ENHANCING DEVELOP-**  
15 **MENT OF ALTERNATIVE AND**  
16 **RENEWABLE ENERGY**

17 **SEC. 101. RENEWABLE ENERGY CREDIT MADE PERMANENT.**

18 (a) IN GENERAL.—Subsection (d) of section 45 of the  
19 Internal Revenue Code of 1986 (relating to qualified facili-  
20 ties) is amended—

21 (1) by striking “and before January 1, 2009”  
22 each place it occurs,

23 (2) by striking “, and before January 1, 2009”  
24 in paragraphs (1) and (2)(A)(i),



1           “(A) IN GENERAL.—The term ‘marine and  
2 hydrokinetic renewable energy’ means energy  
3 derived from—

4           “(i) waves, tides, and currents in  
5 oceans, estuaries, and tidal areas,

6           “(ii) free flowing water in rivers,  
7 lakes, and streams,

8           “(iii) free flowing water in an irriga-  
9 tion system, canal, or other man-made  
10 channel, including projects that utilize non-  
11 mechanical structures to accelerate the  
12 flow of water for electric power production  
13 purposes, or

14           “(iv) differentials in ocean tempera-  
15 ture (ocean thermal energy conversion).

16           “(B) EXCEPTIONS.—Such term shall not  
17 include any energy which is derived from any  
18 source which utilizes a dam, diversionary struc-  
19 ture (except as provided in subparagraph  
20 (A)(iii)), or impoundment for electric power  
21 production purposes.”.

22           (c) DEFINITION OF FACILITY.—Subsection (d) of  
23 section 45 is amended by adding at the end the following  
24 new paragraph:

1           “(11) MARINE AND HYDROKINETIC RENEW-  
2           ABLE ENERGY FACILITIES.—In the case of a facility  
3           producing electricity from marine and hydrokinetic  
4           renewable energy, the term ‘qualified facility’ means  
5           any facility owned by the taxpayer—

6                   “(A) which has a nameplate capacity rat-  
7                   ing of at least 150 kilowatts, and

8                   “(B) which is originally placed in service  
9                   on or after the date of the enactment of this  
10                  paragraph.”.

11          (d) CREDIT RATE.—Subparagraph (A) of section  
12 45(b)(4) is amended by striking “or (9)” and inserting  
13 “(9), or (11)”.

14          (e) COORDINATION WITH SMALL IRRIGATION  
15 POWER.—Paragraph (5) of section 45(d) is amended by  
16 striking “January 1, 2009” and inserting “the date of the  
17 enactment of paragraph (11)”.

18          (f) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to electricity produced and sold  
20 after the date of the enactment of this Act, in taxable  
21 years ending after such date.

22 **SEC. 103. ENERGY CREDIT.**

23          (a) EXTENSION OF CREDIT.—

24                  (1) SOLAR ENERGY PROPERTY.—Paragraphs

25                  (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) are each

1 amended by striking “but only with respect to peri-  
2 ods ending before January 1, 2009”.

3 (2) FUEL CELL PROPERTY.—Paragraph (1) of  
4 section 48(c) is amended by striking subparagraph  
5 (E).

6 (3) MICROTURBINE PROPERTY.—Paragraph (2)  
7 of section 48(c) is amended by striking subpara-  
8 graph (E).

9 (b) ALLOWANCE OF ENERGY CREDIT AGAINST AL-  
10 TERNATIVE MINIMUM TAX.—Subparagraph (B) of section  
11 38(c)(4) is amended by striking “and” at the end of clause  
12 (iii), by redesignating clause (iv) as clause (v), and by in-  
13 serting after clause (iii) the following new clause:

14 “(iv) the credit determined under sec-  
15 tion 46 to the extent that such credit is at-  
16 tributable to the energy credit determined  
17 under section 48, and”.

18 (c) ENERGY CREDIT FOR COMBINED HEAT AND  
19 POWER SYSTEM PROPERTY.—

20 (1) IN GENERAL.—Section 48(a)(3)(A) (defin-  
21 ing energy property) is amended by striking “or” at  
22 the end of clause (iii), by inserting “or” at the end  
23 of clause (iv), and by adding at the end the following  
24 new clause:

1                   “(v) combined heat and power system  
2                   property,”.

3                   (2) COMBINED HEAT AND POWER SYSTEM  
4                   PROPERTY.—Section 48 is amended by adding at  
5                   the end the following new subsection:

6                   “(d) COMBINED HEAT AND POWER SYSTEM PROP-  
7                   ERTY.—For purposes of subsection (a)(3)(A)(v)—

8                   “(1) COMBINED HEAT AND POWER SYSTEM  
9                   PROPERTY.—The term ‘combined heat and power  
10                  system property’ means property comprising a sys-  
11                  tem—

12                   “(A) which uses the same energy source  
13                   for the simultaneous or sequential generation of  
14                   electrical power, mechanical shaft power, or  
15                   both, in combination with the generation of  
16                   steam or other forms of useful thermal energy  
17                   (including heating and cooling applications),

18                   “(B) which produces—

19                   “(i) at least 20 percent of its total  
20                   useful energy in the form of thermal en-  
21                   ergy which is not used to produce electrical  
22                   or mechanical power (or combination  
23                   thereof), and

24                   “(ii) at least 20 percent of its total  
25                   useful energy in the form of electrical or

1           mechanical power (or combination thereof),  
2           and

3           “(C) the energy efficiency percentage of  
4           which exceeds 60 percent.

5           “(2) LIMITATION.—

6           “(A) IN GENERAL.—In the case of com-  
7           bined heat and power system property with an  
8           electrical capacity in excess of the applicable ca-  
9           pacity placed in service during the taxable year,  
10          the credit under subsection (a)(1) (determined  
11          without regard to this paragraph) for such year  
12          shall be equal to the amount which bears the  
13          same ratio to such credit as the applicable ca-  
14          pacity bears to the capacity of such property.

15          “(B) APPLICABLE CAPACITY.—For pur-  
16          poses of subparagraph (A), the term ‘applicable  
17          capacity’ means 15 megawatts or a mechanical  
18          energy capacity of more than 20,000 horse-  
19          power or an equivalent combination of electrical  
20          and mechanical energy capacities.

21          “(C) MAXIMUM CAPACITY.—The term  
22          ‘combined heat and power system property’  
23          shall not include any property comprising a sys-  
24          tem if such system has a capacity in excess of  
25          50 megawatts or a mechanical energy capacity

1 in excess of 67,000 horsepower or an equivalent  
2 combination of electrical and mechanical energy  
3 capacities.

4 “(3) SPECIAL RULES.—

5 “(A) ENERGY EFFICIENCY PERCENT-  
6 AGE.—For purposes of this subsection, the en-  
7 ergy efficiency percentage of a system is the  
8 fraction—

9 “(i) the numerator of which is the  
10 total useful electrical, thermal, and me-  
11 chanical power produced by the system at  
12 normal operating rates, and expected to be  
13 consumed in its normal application, and

14 “(ii) the denominator of which is the  
15 lower heating value of the fuel sources for  
16 the system.

17 “(B) DETERMINATIONS MADE ON BTU  
18 BASIS.—The energy efficiency percentage and  
19 the percentages under paragraph (1)(B) shall  
20 be determined on a Btu basis.

21 “(C) INPUT AND OUTPUT PROPERTY NOT  
22 INCLUDED.—The term ‘combined heat and  
23 power system property’ does not include prop-  
24 erty used to transport the energy source to the

1 facility or to distribute energy produced by the  
2 facility.

3 “(4) SYSTEMS USING BIOMASS.—If a system is  
4 designed to use biomass (within the meaning of  
5 paragraphs (2) and (3) of section 45(e) without re-  
6 gard to the last sentence of paragraph (3)(A)) for at  
7 least 90 percent of the energy source—

8 “(A) paragraph (1)(C) shall not apply, but

9 “(B) the amount of credit determined  
10 under subsection (a) with respect to such sys-  
11 tem shall not exceed the amount which bears  
12 the same ratio to such amount of credit (deter-  
13 mined without regard to this paragraph) as the  
14 energy efficiency percentage of such system  
15 bears to 60 percent.”.

16 (d) INCREASE OF CREDIT LIMITATION FOR FUEL  
17 CELL PROPERTY.—Subparagraph (B) of section 48(e)(1)  
18 is amended by striking “\$500” and inserting “\$1,500”.

19 (e) PUBLIC UTILITY PROPERTY TAKEN INTO AC-  
20 COUNT.—

21 (1) IN GENERAL.—Paragraph (3) of section  
22 48(a) is amended by striking the second sentence  
23 thereof.

24 (2) CONFORMING AMENDMENTS.—

1           (A) Paragraph (1) of section 48(c) is  
2 amended by striking subparagraph (D) and re-  
3 designating subparagraph (E) as subparagraph  
4 (D).

5           (B) Paragraph (2) of section 48(c) is  
6 amended by striking subparagraph (D) and re-  
7 designating subparagraph (E) as subparagraph  
8 (D).

9 (f) EFFECTIVE DATE.—

10           (1) IN GENERAL.—~~E~~xcept as otherwise pro-  
11 vided in this subsection, the amendments made by  
12 this section shall take effect on the date of the en-  
13 actment of this Act.

14           (2) ALLOWANCE AGAINST ALTERNATIVE MIN-  
15 IMUM TAX.—The amendments made by subsection  
16 (b) shall apply to credits determined under section  
17 46 of the Internal Revenue Code of 1986 in taxable  
18 years beginning after the date of the enactment of  
19 this Act and to carrybacks of such credits.

20           (3) COMBINED HEAT AND POWER AND FUEL  
21 CELL PROPERTY.—The amendments made by sub-  
22 sections (c) and (d) shall apply to periods after the  
23 date of the enactment of this Act, in taxable years  
24 ending after such date, under rules similar to the  
25 rules of section 48(m) of the Internal Revenue Code

1 of 1986 (as in effect on the day before the date of  
2 the enactment of the Revenue Reconciliation Act of  
3 1990).

4 (4) PUBLIC UTILITY PROPERTY.—The amend-  
5 ments made by subsection (e) shall apply to periods  
6 after February 13, 2008, in taxable years ending  
7 after such date, under rules similar to the rules of  
8 section 48(m) of the Internal Revenue Code of 1986  
9 (as in effect on the day before the date of the enact-  
10 ment of the Revenue Reconciliation Act of 1990).

11 **SEC. 104. NEW CLEAN RENEWABLE ENERGY BONDS.**

12 (a) CONFORMING AMENDMENTS.—

13 (1) Section 54A(d)(1) is amended by inserting  
14 “and a new clean renewable energy bond,” after  
15 “qualified forestry conservation bond”.

16 (2) Section 54A(d)(2)(C) is amended by insert-  
17 ing “or 54C(e)” after “54B(e)”.

18 (b) IN GENERAL.—Subpart I of part IV of sub-  
19 chapter A of chapter 1 is amended by adding at the end  
20 the following new section:

21 **“SEC. 54C. NEW CLEAN RENEWABLE ENERGY BONDS.**

22 “(a) NEW CLEAN RENEWABLE ENERGY BOND.—For  
23 purposes of this subpart, the term ‘new clean renewable  
24 energy bond’ means any bond issued as part of an issue  
25 if—

1           “(1) 100 percent of the available project pro-  
2           ceeds of such issue are to be used for a qualified  
3           clean renewable energy purpose,

4           “(2) the bond is issued by a qualified issuer,  
5           and

6           “(3) the issuer designates such bond for pur-  
7           poses of this section.

8           “(b) REDUCED CREDIT AMOUNT.—The annual credit  
9           determined under section 54A(b) with respect to any new  
10          clean renewable energy bond shall be 70 percent of the  
11          amount so determined without regard to this subsection.

12          “(c) LIMITATION ON AMOUNT OF BONDS DES-  
13          IGNATED.—

14                 “(1) IN GENERAL.—The maximum aggregate  
15                 face amount of bonds which may be designated  
16                 under subsection (a) by any issuer shall not exceed  
17                 the limitation amount allocated under this sub-  
18                 section to such issuer.

19                 “(2) NATIONAL LIMITATION ON AMOUNT OF  
20                 BONDS DESIGNATED.—There is a national new clean  
21                 renewable energy bond limitation of \$2,000,000,000  
22                 which shall be allocated by the Secretary as provided  
23                 in paragraph (3), except that—

1           “(A) not more than 33⅓ percent thereof  
2 may be allocated to qualified projects of public  
3 power providers,

4           “(B) not more than 33⅓ percent thereof  
5 may be allocated to qualified projects of govern-  
6 mental bodies, and

7           “(C) not more than 33⅓ percent thereof  
8 may be allocated to qualified projects of cooper-  
9 ative electric companies.

10       “(3) METHOD OF ALLOCATION.—

11           “(A) ALLOCATION AMONG PUBLIC POWER  
12 PROVIDERS.—After the Secretary determines  
13 the qualified projects of public power providers  
14 which are appropriate for receiving an alloca-  
15 tion of the national new clean renewable energy  
16 bond limitation, the Secretary shall, to the max-  
17 imum extent practicable, make allocations  
18 among such projects in such manner that the  
19 amount allocated to each such project bears the  
20 same ratio to the cost of such project as the  
21 limitation under paragraph (2)(A) bears to the  
22 cost of all such projects.

23           “(B) ALLOCATION AMONG GOVERNMENTAL  
24 BODIES AND COOPERATIVE ELECTRIC COMPA-  
25 NIES.—The Secretary shall make allocations of

1 the amount of the national new clean renewable  
2 energy bond limitation described in paragraphs  
3 (2)(B) and (2)(C) among qualified projects of  
4 governmental bodies and cooperative electric  
5 companies, respectively, in such manner as the  
6 Secretary determines appropriate.

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

8 “(1) QUALIFIED RENEWABLE ENERGY FACIL-  
9 ITY.—The term ‘qualified renewable energy facility’  
10 means a qualified facility (as determined under sec-  
11 tion 45(d) without regard to paragraphs (8) and  
12 (10) thereof and to any placed in service date)  
13 owned by a public power provider, a governmental  
14 body, or a cooperative electric company.

15 “(2) PUBLIC POWER PROVIDER.—The term  
16 ‘public power provider’ means a State utility with a  
17 service obligation, as such terms are defined in sec-  
18 tion 217 of the Federal Power Act (as in effect on  
19 the date of the enactment of this paragraph).

20 “(3) GOVERNMENTAL BODY.—The term ‘gov-  
21 ernmental body’ means any State or Indian tribal  
22 government, or any political subdivision thereof.

23 “(4) COOPERATIVE ELECTRIC COMPANY.—The  
24 term ‘cooperative electric company’ means a mutual

1 or cooperative electric company described in section  
2 501(c)(12) or section 1381(a)(2)(C).

3 “(5) CLEAN RENEWABLE ENERGY BOND LEND-  
4 ER.—The term ‘clean renewable energy bond lender’  
5 means a lender which is a cooperative which is  
6 owned by, or has outstanding loans to, 100 or more  
7 cooperative electric companies and is in existence on  
8 February 1, 2002, and shall include any affiliated  
9 entity which is controlled by such lender.

10 “(6) QUALIFIED ISSUER.—The term ‘qualified  
11 issuer’ means a public power provider, a cooperative  
12 electric company, a governmental body, a clean re-  
13 newable energy bond lender, or a not-for-profit elec-  
14 tric utility which has received a loan or loan guar-  
15 antee under the Rural Electrification Act.

16 “(e) QUALIFIED CLEAN RENEWABLE ENERGY PUR-  
17 POSE.—For purposes of this section, the term ‘qualified  
18 clean renewable energy purpose’ means capital expendi-  
19 tures incurred by public power providers or cooperative  
20 electric companies for one or more qualified renewable en-  
21 ergy facilities.”.

22 (c) CLERICAL AMENDMENT.—The table of sections  
23 for subpart I of part IV of subchapter A of chapter 1 is  
24 amended by adding at the end the following new item:

“Sec. 54C. New clean renewable energy bonds.”.

1 (d) APPLICATION OF CERTAIN LABOR STANDARDS  
2 ON PROJECTS FINANCED UNDER TAX CREDIT BONDS.—  
3 Subchapter IV of chapter 31 of title 40, United States  
4 Code, shall apply to projects financed with the proceeds  
5 of any new clean renewable energy bonds (as defined in  
6 section 54C of the Internal Revenue Code of 1986).

7 (e) EFFECTIVE DATES.—The amendments made by  
8 this section shall apply to obligations issued after the date  
9 of the enactment of this Act.

10 **SEC. 105. ADVANCED NUCLEAR POWER PRODUCTION.**

11 (a) INCREASE IN RATE.—Section 45J(a)(1) is  
12 amended by striking “1.8 cents” and inserting “2.25  
13 cents”.

14 (b) INCREASE IN NATIONAL LIMITATION.—Section  
15 45J(b)(2) is amended by striking “6,000 megawatts” and  
16 inserting “12,000 megawatts”.

17 (c) INCREASE IN ANNUAL LIMITATION.—Section  
18 45J(c)(1) is amended by striking “\$125,000,000” and in-  
19 serting “\$160,000,000”.

20 (d) EXTENSION OF PLACED IN SERVICE DATE.—  
21 Section 45J(d)(1)(B) is amended by striking “and before  
22 January 1, 2021”.

23 (e) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to taxable years beginning after  
25 the date of the enactment of this Act.

1 **SEC. 106. LOAN GUARANTEES FOR CONSTRUCTION OF AD-**  
2 **VANCED NUCLEAR FACILITIES.**

3 Section 1702(c) of the Energy Policy Act of 2005 (42  
4 U.S.C. 16512(c)) is amended by inserting “, except that  
5 100 percent of the project cost may be guaranteed in the  
6 case of an advanced nuclear energy facility” after “guar-  
7 antee is issued”.

8 **TITLE II—IMPROVING ENERGY**  
9 **EFFICIENCY**

10 **SEC. 201. MAKE PERMANENT THE TAX CREDIT FOR RESI-**  
11 **DENTIAL ENERGY-EFFICIENT PROPERTY.**

12 Section 25D is amended by striking subsection (g).

13 **SEC. 202. MAKE PERMANENT THE ENERGY EFFICIENCY**  
14 **CREDIT FOR EXISTING HOMES.**

15 Section 25C is amended by striking subsection (g).

16 **SEC. 203. MAKE PERMANENT THE ENERGY EFFICIENCY**  
17 **COMMERCIAL BUILDINGS DEDUCTION.**

18 Section 179D is amended by striking subsection (h).

19 **SEC. 204. MAKE PERMANENT THE CREDIT FOR PRODUC-**  
20 **TION OF ENERGY-EFFICIENT APPLIANCES.**

21 (a) IN GENERAL.—Paragraph (1) of section 45M(b)  
22 is amended to read as follows:

23 “(1) IN GENERAL.—For purposes of subsection  
24 (a), the applicable amount in the case of dish-  
25 washers, clothes washers, and refrigerators (as the  
26 case may be) which meet the requirements of the

1 Energy Star program in effect for the calendar year  
2 in which such appliance is manufactured is—

3 “(A) in the case of dishwashers, the energy  
4 savings amount,

5 “(B) in the case of clothes washers, \$100,  
6 and

7 “(C) in the case of refrigerators—

8 “(i) which consume at least 15 per-  
9 cent but not more than 20 percent less kil-  
10 owatt hours per year than the 2001 energy  
11 conservation standards, \$75,

12 “(ii) which consumes at least 20 per-  
13 cent but not more than 25 percent less kil-  
14 owatt hours per year than the 2001 energy  
15 conservation standards, \$125, and

16 “(iii) which consumes at least 25 per-  
17 cent less kilowatt hours per year than the  
18 2001 energy conservation standards,  
19 \$175.”.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 this section applies to taxable years beginning after De-  
22 cember 31, 2007.

1 **TITLE III—ENHANCING PRODUC-**  
2 **TION AND DEPLOYMENT OF**  
3 **ALTERNATIVE VEHICLES AND**  
4 **FUELS**

5 **SEC. 301. CONSUMER INCENTIVES TO PURCHASE AD-**  
6 **VANCED TECHNOLOGY VEHICLES.**

7 (a) **NEW QUALIFIED HYBRID MOTOR VEHICLES.—**

8 (1) **EXTENSION OF ALTERNATIVE VEHICLE**  
9 **CREDIT.—**Subsection (i) of section 30B of the Inter-  
10 **nal Revenue Code of 1986, as amended by sub-**  
11 **section (b), is amended by striking paragraph (3).**

12 (2) **INCREASE IN CREDIT AMOUNT.—**Subpara-  
13 **graph (A) of section 30B(d)(2) of such Code is**  
14 **amended by striking “the sum of” and inserting**  
15 **“150 percent of the sum of”.**

16 (b) **ELIMINATION ON NUMBER OF NEW QUALIFIED**  
17 **HYBRID AND ADVANCED LEAN BURN TECHNOLOGY VE-**  
18 **HICLES ELIGIBLE FOR ALTERNATIVE MOTOR VEHICLE**  
19 **CREDIT.—**

20 (1) **IN GENERAL.—**Section 30B of the Internal  
21 **Revenue Code of 1986 is amended by striking sub-**  
22 **section (f) and by redesignating subsections (g)**  
23 **through (j) as subsections (f) through (i), respec-**  
24 **tively.**

25 (2) **CONFORMING AMENDMENTS.—**

1           (A) Paragraphs (4) and (6) of section  
2           30B(h) of the Internal Revenue Code of 1986  
3           are each amended by striking “(determined  
4           without regard to subsection (g))” and inserting  
5           “determined without regard to subsection (f))”.

6           (B) Section 38(b)(25) of such Code is  
7           amended by striking “section 30B(g)(1)” and  
8           inserting “section 30B(f)(1)”.

9           (C) Section 55(e)(2) of such Code is  
10          amended by striking “section 30B(g)(2)” and  
11          inserting “section 30B(f)(2)”.

12          (D) Section 1016(a)(36) of such Code is  
13          amended by striking “section 30B(h)(4)” and  
14          inserting “section 30B(g)(4)”.

15          (E) Section 6501(m) of such Code is  
16          amended by striking “section 30B(h)(9)” and  
17          inserting “section 30B(g)(9)”.

18          (c) CREDIT FOR NEW QUALIFIED PLUG-IN ELECTRIC  
19          DRIVE MOTOR VEHICLES.—

20                 (1) IN GENERAL.—Subpart B of part IV of  
21                 subchapter A of chapter 1 is amended by adding at  
22                 the end the following new section:

1 **“SEC. 30D. NEW QUALIFIED PLUG-IN ELECTRIC DRIVE**  
2 **MOTOR VEHICLES.**

3 “(a) ALLOWANCE OF CREDIT.—There shall be al-  
4 lowed as a credit against the tax imposed by this chapter  
5 for the taxable year an amount equal to the sum of the  
6 credit amounts determined under subsection (b) with re-  
7 spect to each new qualified plug-in electric drive motor ve-  
8 hicle placed in service by the taxpayer during the taxable  
9 year.

10 “(b) PER VEHICLE DOLLAR LIMITATION.—

11 “(1) IN GENERAL.—The amount determined  
12 under this subsection with respect to any new quali-  
13 fied plug-in electric drive motor vehicle is the sum  
14 of the amounts determined under paragraphs (2)  
15 and (3) with respect to such vehicle.

16 “(2) BASE AMOUNT.—The amount determined  
17 under this paragraph is \$3,000.

18 “(3) BATTERY CAPACITY.—In the case of a ve-  
19 hicle which draws propulsion energy from a battery  
20 with not less than 5 kilowatt hours of capacity, the  
21 amount determined under this paragraph is \$200,  
22 plus \$400 for each kilowatt hour of capacity in ex-  
23 cess of 5 kilowatt hours. The amount determined  
24 under this paragraph shall not exceed \$4,000.

25 “(c) APPLICATION WITH OTHER CREDITS.—

1           “(1) BUSINESS CREDIT TREATED AS PART OF  
2           GENERAL BUSINESS CREDIT.—So much of the credit  
3           which would be allowed under subsection (a) for any  
4           taxable year (determined without regard to this sub-  
5           section) that is attributable to property of a char-  
6           acter subject to an allowance for depreciation shall  
7           be treated as a credit listed in section 38(b) for such  
8           taxable year (and not allowed under subsection (a)).

9           “(2) PERSONAL CREDIT.—

10           “(A) IN GENERAL.—For purposes of this  
11           title, the credit allowed under subsection (a) for  
12           any taxable year (determined after application  
13           of paragraph (1)) shall be treated as a credit  
14           allowable under subpart A for such taxable  
15           year.

16           “(B) LIMITATION BASED ON AMOUNT OF  
17           TAX.—In the case of a taxable year to which  
18           section 26(a)(2) does not apply, the credit al-  
19           lowed under subsection (a) for any taxable year  
20           (determined after application of paragraph (1))  
21           shall not exceed the excess of—

22           “(i) the sum of the regular tax liabil-  
23           ity (as defined in section 26(b)) plus the  
24           tax imposed by section 55, over

1                   “(ii) the sum of the credits allowable  
2                   under subpart A (other than this section  
3                   and sections 23 and 25D) and section 27  
4                   for the taxable year.

5           “(d) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE  
6 MOTOR VEHICLE.—For purposes of this section—

7                   “(1) IN GENERAL.—The term ‘new qualified  
8                   plug-in electric drive motor vehicle’ means a motor  
9                   vehicle (as defined in section 30(c)(2))—

10                   “(A) the original use of which commences  
11                   with the taxpayer,

12                   “(B) which is acquired for use or lease by  
13                   the taxpayer and not for resale,

14                   “(C) which is made by a manufacturer,  
15                   and

16                   “(D) which is propelled to a significant ex-  
17                   tent by an electric motor which draws electricity  
18                   from a battery which—

19                   “(i) has a capacity of not less than  
20                   2.5 kilowatt hours, and

21                   “(ii) is capable of being recharged  
22                   from an external source of electricity.

23                   “(2) EXCEPTION.—The term ‘new qualified  
24                   plug-in electric drive motor vehicle’ is limited to ve-

1       hicles meeting relevant Federal safety and emissions  
2       standards for on-road use.

3           “(3) OTHER TERMS.—The terms ‘passenger  
4       automobile’, ‘light truck’, and ‘manufacturer’ have  
5       the meanings given such terms in regulations pre-  
6       scribed by the Administrator of the Environmental  
7       Protection Agency for purposes of the administra-  
8       tion of title II of the Clean Air Act (42 U.S.C. 7521  
9       et seq.).

10          “(4) BATTERY CAPACITY.—The term ‘capacity’  
11       means, with respect to any battery, the quantity of  
12       electricity which the battery is capable of storing, ex-  
13       pressed in kilowatt hours, as measured from a 100  
14       percent state of charge to a 0 percent state of  
15       charge.

16          “(e) SPECIAL RULES.—

17           “(1) BASIS REDUCTION.—The basis of any  
18       property for which a credit is allowable under sub-  
19       section (a) shall be reduced by the amount of such  
20       credit (determined without regard to subsection (c)).

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

1           “(3) 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)(1) or with re-  
5 spect to the portion of the cost of any property  
6 taken into account under section 179.

7           “(4) ELECTION NOT TO 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           “(5) PROPERTY USED BY TAX-EXEMPT ENTITY;  
12 INTERACTION WITH AIR QUALITY AND MOTOR VEHI-  
13 CLE SAFETY STANDARDS.—Rules similar to the rules  
14 of paragraphs (6) and (10) of section 30B(h) shall  
15 apply for purposes of this section.”.

16           (2) COORDINATION WITH ALTERNATIVE MOTOR  
17 VEHICLE CREDIT.—Section 30B(d)(3) is amended  
18 by adding at the end the following new subpara-  
19 graph:

20           “(D) EXCLUSION OF PLUG-IN VEHICLES.—  
21 Any vehicle with respect to which a credit is al-  
22 lowable under section 30D (determined without  
23 regard to subsection (c) thereof) shall not be  
24 taken into account under this section.”.

1           (3) CREDIT MADE PART OF GENERAL BUSINESS  
2 CREDIT.—Section 38(b) is amended—

3           (A) by striking “and” each place it ap-  
4 pears at the end of any paragraph,

5           (B) by striking “plus” each place it ap-  
6 pears at the end of any paragraph,

7           (C) by striking the period at the end of  
8 paragraph (31) and inserting “, plus”, and

9           (D) by adding at the end the following new  
10 paragraph:

11           “(32) the portion of the new qualified plug-in  
12 electric drive motor vehicle credit to which section  
13 30D(c)(1) applies.”.

14           (4) CONFORMING AMENDMENTS.—

15           (A)(i) Section 24(b)(3)(B), as amended by  
16 section 104, is amended by striking “and 25D”  
17 and inserting “25D, and 30D”.

18           (ii) Section 25(e)(1)(C)(ii) is amended by  
19 inserting “30D,” after “25D,”.

20           (iii) Section 25B(g)(2), as amended by sec-  
21 tion 104, is amended by striking “and 25D”  
22 and inserting “, 25D, and 30D”.

23           (iv) Section 26(a)(1), as amended by sec-  
24 tion 104, is amended by striking “and 25D”  
25 and inserting “25D, and 30D”.

1 (v) Section 1400C(d)(2) is amended by  
2 striking “and 25D” and inserting “25D, and  
3 30D”.

4 (B) Section 1016(a) is amended by strik-  
5 ing “and” at the end of paragraph (35), by  
6 striking the period at the end of paragraph (36)  
7 and inserting “, and”, and by adding at the end  
8 the following new paragraph:

9 “(37) to the extent provided in section  
10 30D(e)(1).”.

11 (C) Section 6501(m) is amended by insert-  
12 ing “30D(f)(4),” after “30C(e)(5),”.

13 (D) The table of sections for subpart B of  
14 part IV of subchapter A of chapter 1 is amend-  
15 ed by adding at the end the following new item:

“Sec. 30D. New qualified plug-in electric drive motor vehicles.”.

16 (5) TREATMENT OF ALTERNATIVE MOTOR VE-  
17 HICLE CREDIT AS A PERSONAL CREDIT.—

18 (A) IN GENERAL.—Paragraph (2) of sec-  
19 tion 30B(g) is amended to read as follows:

20 “(2) PERSONAL CREDIT.—The credit allowed  
21 under subsection (a) for any taxable year (after ap-  
22 plication of paragraph (1)) shall be treated as a  
23 credit allowable under subpart A for such taxable  
24 year.”.

25 (B) CONFORMING AMENDMENTS.—

1 (i) Subparagraph (A) of section  
2 30C(d)(2) is amended by striking “sections  
3 27, 30, and 30B” and inserting “sections  
4 27 and 30”.

5 (ii) Paragraph (3) of section 55(c) is  
6 amended by striking “30B(g)(2),”.

7 (6) EFFECTIVE DATE.—

8 (A) IN GENERAL.—Except as otherwise  
9 provided in this subsection, the amendments  
10 made by this section shall apply to taxable  
11 years beginning after December 31, 2008.

12 (B) TREATMENT OF ALTERNATIVE MOTOR  
13 VEHICLE CREDIT AS PERSONAL CREDIT.—The  
14 amendments made by paragraph (5) shall apply  
15 to taxable years beginning after December 31,  
16 2007.

17 (d) FLEXIBLE FUEL VEHICLE CREDIT.—

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

23 **“SEC. 30E. FLEXIBLE FUEL VEHICLE CREDIT.**

24 “(a) ALLOWANCE OF CREDIT.—There shall be al-  
25 lowed as a credit against the tax imposed by this chapter

1 for the taxable year an amount equal to the GEM flexible  
2 fuel vehicle credit.

3 “(b) GEM FLEXIBLE FUEL VEHICLE CREDIT.—

4 “(1) IN GENERAL.—For the purposes of sub-  
5 section (a), the GEM flexible fuel vehicle credit de-  
6 termined under this subsection for the taxable year  
7 is the credit amount determined under paragraph  
8 (2) with respect to a GEM flexible fuel vehicle  
9 placed in service by the taxpayer during the taxable  
10 year.

11 “(2) CREDIT AMOUNT.—In the case of a new  
12 qualified GEM flexible fuel vehicle which is a pas-  
13 senger automobile or light truck and which has a  
14 gross vehicle weight rating of not more than 8,500  
15 pounds, the amount shall be \$1,000.

16 “(c) DEFINITIONS.—For purposes of this section—

17 “(1) GEM FLEXIBLE FUEL VEHICLE.—The  
18 term ‘GEM flexible fuel vehicle’ means a motor vehi-  
19 cle warrantied by its manufacturer to operate on any  
20 combination of gasoline, E85, M85, biodiesel, and  
21 hydrogen and its blends.

22 “(2) E85.—The term ‘E85’ means a fuel blend  
23 containing 85 percent ethanol and 15 percent gaso-  
24 line by volume.



1 new qualified plug-in electric drive motor vehicles,  
2 hybrid and clean burning vehicles, GEM flexible fuel  
3 vehicles, and fuel cell vehicles, 50 percent of so much  
4 of such qualified investment as does not exceed  
5 \$150,000,000, and

6 “(2) in the case of any other qualified invest-  
7 ment of an eligible taxpayer for such taxable year,  
8 35 percent of so much of such qualified investment  
9 as does not exceed \$50,000,000.

10 “(b) QUALIFIED INVESTMENT.—For purposes of this  
11 section—

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

15 “(A) to re-equip, expand, or establish any  
16 manufacturing facility of the eligible taxpayer  
17 to produce advanced technology motor vehicles  
18 or to produce eligible components,

19 “(B) for engineering integration of such  
20 vehicles and components as described in sub-  
21 section (d), and

22 “(C) for research and development related  
23 to advanced technology motor vehicles and eligi-  
24 ble components.

1           “(2) **ATTRIBUTION RULES.**—In the event a fa-  
2           cility of the eligible taxpayer produces both advanced  
3           technology motor vehicles and conventional motor  
4           vehicles, or eligible and non-eligible components, only  
5           the qualified investment attributable to production  
6           of advanced technology motor vehicles and eligible  
7           components shall be taken into account.

8           “(c) **ADVANCED TECHNOLOGY MOTOR VEHICLES**  
9 **AND ELIGIBLE COMPONENTS.**—For purposes of this sec-  
10 tion—

11           “(1) **ADVANCED TECHNOLOGY MOTOR VEHI-**  
12 **CLE.**—The term ‘advanced technology motor vehicle’  
13 means—

14           “(A) any new advanced lean burn tech-  
15           nology motor vehicle (as defined in section  
16           30B(c)(3)),

17           “(B) any new qualified hybrid motor vehi-  
18           cle (as defined in section 30B(d)(3)(A) and de-  
19           termined without regard to any gross vehicle  
20           weight rating),

21           “(C) any new qualified plug-in electric  
22           drive motor vehicle (as defined in section 30D),

23           “(D) any new GEM flexible fuel vehicle, or

24           “(E) any new fuel cell vehicle.

1           “(2) NEW FUEL CELL VEHICLE.—For purposes  
2 of this section, the term ‘new fuel cell vehicle’ means  
3 an on-road or nonroad vehicle that utilizes a fuel cell  
4 for propulsion or in combination with an on-board  
5 battery system (as defined in section 803 of the En-  
6 ergy Policy Act of 2005 (42 U.S.C. 16152)).

7           “(3) ELIGIBLE COMPONENTS.—The term ‘eligi-  
8 ble component’ means any component inherent to  
9 any advanced technology motor vehicle, including—

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

12                           “(i) electric motor or generator,

13                           “(ii) power split device,

14                           “(iii) power control unit,

15                           “(iv) power controls,

16                           “(v) integrated starter generator, or

17                           “(vi) battery,

18                   “(B) with respect to any hydraulic new  
19 qualified hybrid motor vehicle—

20                           “(i) hydraulic accumulator vessel,

21                           “(ii) hydraulic pump, or

22                           “(iii) hydraulic pump-motor assembly,

23                   “(C) with respect to any new advanced  
24 lean burn technology motor vehicle—

25                           “(i) diesel engine,

1                   “(ii) turbocharger,  
2                   “(iii) fuel injection system, or  
3                   “(iv) after-treatment system, such as  
4                   a particle filter or NOx absorber,  
5                   “(D) with respect to any new qualified  
6                   plug-in electric drive motor vehicle—

7                   “(i) battery,  
8                   “(ii) electric motor or generator,  
9                   “(iii) any power control unit which is  
10                  designed specifically for use in a new quali-  
11                  fied plug-in electric drive motor vehicle,  
12                  and

13                  “(E) with respect to any advanced tech-  
14                  nology motor vehicle, any other component sub-  
15                  mitted for approval by the Secretary.

16                  “(d) ENGINEERING INTEGRATION COSTS.—For pur-  
17                  poses of subsection (b)(1)(B), costs for engineering inte-  
18                  gration are costs incurred prior to the market introduction  
19                  of advanced technology vehicles for engineering tasks re-  
20                  lated to—

21                  “(1) establishing functional, structural, and  
22                  performance requirements for component and sub-  
23                  systems to meet overall vehicle objectives for a spe-  
24                  cific application,

1           “(2) designing interfaces for components and  
2           subsystems with mating systems within a specific ve-  
3           hicle application,

4           “(3) designing cost effective, efficient, and reli-  
5           able manufacturing processes to produce components  
6           and subsystems for a specific vehicle application,  
7           and

8           “(4) validating functionality and performance of  
9           components and subsystems for a specific vehicle ap-  
10          plication.

11          “(e) ELIGIBLE TAXPAYER.—For purposes of this sec-  
12          tion, the term ‘eligible taxpayer’ means any taxpayer if  
13          more than 50 percent of its gross receipts for the taxable  
14          year is derived from the manufacture of motor vehicles  
15          or any component parts of such vehicles.

16          “(f) LIMITATION BASED ON AMOUNT OF TAX.—The  
17          credit allowed under subsection (a) for the taxable year  
18          shall not exceed the excess of—

19                 “(1) the sum of—

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

22                         “(B) the tax imposed by section 55 for  
23                         such taxable year and any prior taxable year  
24                         beginning after 1986 and not taken into ac-

1 count under section 53 for any prior taxable  
2 year, over

3 “(2) the sum of the credits allowable under sub-  
4 part A and sections 27, 30, and 30B for the taxable  
5 year.

6 “(g) REDUCTION IN BASIS.—For purposes of this  
7 subtitle, if a credit is allowed under this section for any  
8 expenditure with respect to any property, the increase in  
9 the basis of such property which would (but for this para-  
10 graph) result from such expenditure shall be reduced by  
11 the amount of the credit so allowed.

12 “(h) NO DOUBLE BENEFIT.—

13 “(1) COORDINATION WITH OTHER DEDUCTIONS  
14 AND CREDITS.—Except as provided in paragraph  
15 (2), the amount of any deduction or other credit al-  
16 lowable under this chapter for any cost taken into  
17 account in determining the amount of the credit  
18 under subsection (a) shall be reduced by the amount  
19 of such credit attributable to such cost.

20 “(2) RESEARCH AND DEVELOPMENT COSTS.—

21 “(A) IN GENERAL.—Except as provided in  
22 subparagraph (B), any amount described in  
23 subsection (b)(1)(C) taken into account in de-  
24 termining the amount of the credit under sub-  
25 section (a) for any taxable year shall not be

1 taken into account for purposes of determining  
2 the credit under section 41 for such taxable  
3 year.

4 “(B) COSTS TAKEN INTO ACCOUNT IN DE-  
5 TERMINING BASE PERIOD RESEARCH EX-  
6 PENSES.—Any amounts described in subsection  
7 (b)(1)(C) taken into account in determining the  
8 amount of the credit under subsection (a) for  
9 any taxable year which are qualified research  
10 expenses (within the meaning of section 41(b))  
11 shall be taken into account in determining base  
12 period research expenses for purposes of apply-  
13 ing section 41 to subsequent taxable years.

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

21 “(j) SPECIAL RULES.—For purposes of this section,  
22 rules similar to the rules of paragraphs (4) and (5) of sec-  
23 tion 179A(e) and paragraphs (1) and (2) of section 41(f)  
24 shall apply.

1       “(k) ELECTION NOT TO TAKE CREDIT.—No credit  
2 shall be allowed under subsection (a) for any property if  
3 the taxpayer elects not to have this section apply to such  
4 property.

5       “(l) REGULATIONS.—The Secretary shall prescribe  
6 such regulations as necessary to carry out the provisions  
7 of this section.”.

8       (b) CONFORMING AMENDMENTS.—

9           (1) Section 1016(a) of the Internal Revenue  
10 Code of 1986 is amended by striking “and” at the  
11 end of paragraph (36), by striking the period at the  
12 end of paragraph (37) and inserting “, and”, and by  
13 adding at the end the following new paragraph:

14           “(38) to the extent provided in section  
15 30F(g).”.

16           (2) Section 6501(m) of such Code is amended  
17 by inserting “30F(k),” after “30C(e)(5),”.

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

“Sec. 30F. Advanced technology motor vehicles manufacturing credit.”.

22       (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to amounts incurred in taxable  
24 years beginning after December 31, 2006.

1 **SEC. 303. PRODUCTION TAX CREDIT FOR ANY COMMERCIAL**  
2 **VEHICLE THAT ATTAINS AN EPA FUEL ECON-**  
3 **OMY STANDARD OF 100 MPG.**

4 (a) IN GENERAL.—

5 Subpart D of part IV of subchapter A of chap-  
6 ter 1 is amended by adding at the end the following  
7 new section:

8 **“SEC. 45Q. VEHICLES ATTAINING EPA FUEL ECONOMY**  
9 **STANDARD OF 100 MPG.**

10 “(a) ALLOWANCE OF CREDIT.—There shall be al-  
11 lowed as a credit against the tax imposed by this chapter  
12 for the taxable year an amount equal to 50 percent of the  
13 cost of manufacturing any motor vehicle placed in service  
14 by the taxpayer during the taxable year that achieves a  
15 fuel economy standard of 100 miles per gallon, as deter-  
16 mined by the Administrator of the Environmental Protec-  
17 tion Agency.

18 “(b) LIMITATION.—No credit shall be allowed under  
19 subsection (a) to the taxpayer after the 5th taxable year  
20 beginning after the taxable year in which the taxpayer  
21 manufacturers the first motor vehicle described in sub-  
22 section (a).

23 “(c) DEFINITIONS AND SPECIAL RULES.—

24 “(1) IN GENERAL.—For purposes of this sec-  
25 tion, rules similar to the rules of section 30B(h)  
26 shall apply.

1           “(2) CONTROLLED GROUPS.—

2                   “(A) IN GENERAL.—For purposes of this  
3 section, all persons treated as a single employer  
4 under subsection (a) or (b) of section 52 or  
5 subsection (m) or (o) of section 414 shall be  
6 treated as a single manufacturer.

7                   “(B) INCLUSION OF FOREIGN CORPORA-  
8 TIONS.—For purposes of subparagraph (A), in  
9 applying subsections (a) and (b) of section 52  
10 to this section, section 1563 shall be applied  
11 without regard to subsection (b)(2)(C) thereof.

12           “(3) MOTOR VEHICLE.—For purposes of this  
13 section, the term ‘motor vehicle’ means any vehicle  
14 which is manufactured primarily for use on public  
15 streets, roads, and highways (not including a vehicle  
16 operated exclusively on a rail or rails) and which has  
17 at least 4 wheels.

18           “(4) DENIAL OF DOUBLE BENEFIT.—The  
19 amount of any deduction or other credit allowable  
20 under this chapter for any cost taken into account  
21 in determining the amount of the credit under sub-  
22 section (a) shall be reduced by the amount of such  
23 credit attributable to such cost.”.

24           (b) CREDIT MADE PART OF GENERAL BUSINESS  
25 CREDIT.—Section 38(b) is amended—

1 (1) by striking the period at the end of para-  
2 graph (32) and inserting “, plus”, and

3 (2) by adding at the end the following new  
4 paragraph:

5 “(33) the credit to which section 30G applies.”.

6 (c) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years beginning after  
8 the date of the enactment of this Act.

9 **SEC. 304. CREDIT FOR PRODUCTION OF CELLULOSIC**  
10 **BIOFUEL.**

11 (a) IN GENERAL.—Subsection (a) of section 40 is  
12 amended by striking “plus” at the end of paragraph (1),  
13 by striking “plus” at the end of paragraph (2), by striking  
14 the period at the end of paragraph (3) and inserting “,  
15 plus”, and by adding at the end the following new para-  
16 graph:

17 “(4) the cellulosic biofuel producer credit.”.

18 (b) CELLULOSIC BIOFUEL PRODUCER CREDIT.—

19 (1) IN GENERAL.—Subsection (b) of section 40  
20 is amended by adding at the end the following new  
21 paragraph:

22 “(6) CELLULOSIC BIOFUEL PRODUCER CRED-  
23 IT.—

24 “(A) IN GENERAL.—The cellulosic biofuel  
25 producer credit of any taxpayer is an amount

1 equal to the applicable amount for each gallon  
2 of qualified cellulosic biofuel production.

3 “(B) APPLICABLE AMOUNT.—For purposes  
4 of subparagraph (A), the applicable amount  
5 means \$1.01, except that such amount shall, in  
6 the case of cellulosic biofuel which is alcohol, be  
7 reduced by the sum of—

8 “(i) the amount of the credit in effect  
9 for such alcohol under subsection (b)(1)  
10 (without regard to subsection (b)(3)) at  
11 the time of the qualified cellulosic biofuel  
12 production, plus

13 “(ii) in the case of ethanol, the  
14 amount of the credit in effect under sub-  
15 section (b)(4) at the time of such produc-  
16 tion.

17 “(C) QUALIFIED CELLULOSIC BIOFUEL  
18 PRODUCTION.—For purposes of this section,  
19 the term ‘qualified cellulosic biofuel production’  
20 means any cellulosic biofuel which is produced  
21 by the taxpayer, and which during the taxable  
22 year—

23 “(i) is sold by the taxpayer to another  
24 person—

1                   “(I) for use by such other person  
2                   in the production of a qualified cel-  
3                   lulosic biofuel mixture in such other  
4                   person’s trade or business (other than  
5                   casual off-farm production),

6                   “(II) for use by such other per-  
7                   son as a fuel in a trade or business,  
8                   or

9                   “(III) who sells such cellulosic  
10                  biofuel at retail to another person and  
11                  places such cellulosic biofuel in the  
12                  fuel tank of such other person, or

13                  “(ii) is used or sold by the taxpayer  
14                  for any purpose described in clause (i).

15                  The qualified cellulosic biofuel production of  
16                  any taxpayer for any taxable year shall not in-  
17                  clude any alcohol which is purchased by the  
18                  taxpayer and with respect to which such pro-  
19                  ducer increases the proof of the alcohol by addi-  
20                  tional distillation.

21                  “(D) QUALIFIED CELLULOSIC BIOFUEL  
22                  MIXTURE.—For purposes of this paragraph, the  
23                  term ‘qualified cellulosic biofuel mixture’ means  
24                  a mixture of cellulosic biofuel and gasoline or of  
25                  cellulosic biofuel and a special fuel which—

1           “(i) is sold by the person producing  
2           such mixture to any person for use as a  
3           fuel, or

4           “(ii) is used as a fuel by the person  
5           producing such mixture.

6           “(E) CELLULOSIC BIOFUEL.—For pur-  
7           poses of this paragraph—

8           “(i) IN GENERAL.—The term ‘cel-  
9           lulosic biofuel’ means any liquid fuel  
10          which—

11          “(I) is produced from any  
12          lignocellulosic or hemicellulosic matter  
13          that is available on a renewable or re-  
14          curring basis, and

15          “(II) meets the registration re-  
16          quirements for fuels and fuel additives  
17          established by the Environmental Pro-  
18          tection Agency under section 211 of  
19          the Clean Air Act (42 U.S.C. 7545).

20          “(ii) EXCLUSION OF LOW-PROOF AL-  
21          COHOL.—Such term shall not include any  
22          alcohol with a proof of less than 150. The  
23          determination of the proof of any alcohol  
24          shall be made without regard to any added  
25          denaturants.

1           “(F) ALLOCATION OF CELLULOSIC  
2 BIOFUEL PRODUCER CREDIT TO PATRONS OF  
3 COOPERATIVE.—Rules similar to the rules  
4 under subsection (g)(6) shall apply for purposes  
5 of this paragraph.

6           “(G) REGISTRATION REQUIREMENT.—No  
7 credit shall be determined under this paragraph  
8 with respect to any taxpayer unless such tax-  
9 payer is registered with the Secretary as a pro-  
10 ducer of cellulosic biofuel under section 4101.

11           “(H) APPLICATION OF PARAGRAPH.—This  
12 paragraph shall apply with respect to qualified  
13 cellulosic biofuel production after December 31,  
14 2008.”.

15           (2) TERMINATION DATE NOT TO APPLY.—Sub-  
16 section (e) of section 40 is amended—

17           (A) by inserting “or subsection (b)(6)(H)”  
18 after “by reason of paragraph (1)” in para-  
19 graph (2), and

20           (B) by adding at the end the following new  
21 paragraph:

22           “(3) EXCEPTION FOR CELLULOSIC BIOFUEL  
23 PRODUCER CREDIT.—Paragraph (1) shall not apply  
24 to the portion of the credit allowed under this sec-  
25 tion by reason of subsection (a)(4).”.

1 (3) CONFORMING AMENDMENTS.—

2 (A) Paragraph (1) of section 4101(a) is  
3 amended—

4 (i) by striking “and every person” and  
5 inserting “, every person”, and

6 (ii) by inserting “, and every person  
7 producing cellulosic biofuel (as defined in  
8 section 40(b)(6)(E))” after “section  
9 6426(b)(4)(A)”.

10 (B) The heading of section 40, and the  
11 item relating to such section in the table of sec-  
12 tions for subpart D of part IV of subchapter A  
13 of chapter 1, are each amended by inserting “,  
14 etc.,” after “Alcohol”.

15 (c) BIOFUEL NOT USED AS A FUEL, ETC.—

16 (1) IN GENERAL.—Paragraph (3) of section  
17 40(d) is amended by redesignating subparagraph  
18 (D) as subparagraph (E) and by inserting after sub-  
19 paragraph (C) the following new subparagraph:

20 “(D) CELLULOSIC BIOFUEL PRODUCER  
21 CREDIT.—If—

22 “(i) any credit is allowed under sub-  
23 section (a)(4), and

1                   “(ii) any person does not use such  
2                   fuel for a purpose described in subsection  
3                   (b)(6)(C),  
4                   then there is hereby imposed on such person a  
5                   tax equal to the applicable amount (as defined  
6                   in subsection (b)(6)(B)) for each gallon of such  
7                   cellulosic biofuel.”.

8                   (2) CONFORMING AMENDMENTS.—

9                   (A) Subparagraph (C) of section 40(d)(3)  
10                  is amended by striking “PRODUCER” in the  
11                  heading and inserting “SMALL ETHANOL PRO-  
12                  DUCER”.

13                  (B) Subparagraph (E) of section 40(d)(3),  
14                  as redesignated by paragraph (1), is amended  
15                  by striking “or (C)” and inserting “(C), or  
16                  (D)”.

17                  (d) BIOFUEL PRODUCED IN THE UNITED STATES.—  
18                  Section 40(d) is amended by adding at the end the fol-  
19                  lowing new paragraph:

20                  “(6) SPECIAL RULE FOR CELLULOSIC BIOFUEL  
21                  PRODUCER CREDIT.—No cellulosic biofuel producer  
22                  credit shall be determined under subsection (a) with  
23                  respect to any cellulosic biofuel unless such cellulosic  
24                  biofuel is produced in the United States and used as  
25                  a fuel in the United States. For purposes of this

1 subsection, the term ‘United States’ includes any  
2 possession of the United States.”.

3 (e) WAIVER OF CREDIT LIMIT FOR CELLULOSIC  
4 BIOFUEL PRODUCTION BY SMALL ETHANOL PRO-  
5 DUCERS.—Section 40(b)(4)(C) is amended by inserting  
6 “(determined without regard to any qualified cellulosic  
7 biofuel production)” after “15,000,000 gallons”.

8 (f) DENIAL OF DOUBLE BENEFIT.—

9 (1) BIODIESEL.—Paragraph (1) of section  
10 40A(d) is amended by adding at the end the fol-  
11 lowing new flush sentence:

12 “Such term shall not include any liquid with respect  
13 to which a credit may be determined under section  
14 40.”.

15 (2) RENEWABLE DIESEL.—Paragraph (3) of  
16 section 40A(f) is amended by adding at the end the  
17 following new flush sentence:

18 “Such term shall not include any liquid with respect  
19 to which a credit may be determined under section  
20 40.”.

21 (g) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to fuel produced after December  
23 31, 2008.

1 **SEC. 305. ESTABLISH A PERMANENT PRODUCTION TAX**  
 2 **CREDIT FOR HYDROGEN FUELS.**

3 (a) HYDROGEN INFRASTRUCTURE AND FUEL  
 4 COSTS.—

5 (1) IN GENERAL.—Subpart B of part IV of  
 6 subchapter A of chapter 1 of the Internal Revenue  
 7 Code of 1986 (relating to foreign tax credit, etc.) is  
 8 amended by adding at the end the following new sec-  
 9 tion:

10 **“SEC. 30G. HYDROGEN INFRASTRUCTURE AND FUEL**  
 11 **COSTS.**

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

15 “(1) the hydrogen infrastructure costs credit  
 16 determined under subsection (b), and

17 “(2) the hydrogen fuel costs credit determined  
 18 under subsection (c).

19 “(b) HYDROGEN INFRASTRUCTURE COSTS CRED-  
 20 IT.—

21 “(1) IN GENERAL.—For purposes of subsection  
 22 (a), the hydrogen infrastructure costs credit deter-  
 23 mined under this subsection with respect to each eli-  
 24 gible hydrogen production and distribution facility of  
 25 the taxpayer is an amount equal to 30 percent of so  
 26 much of the infrastructure costs for the taxable year

1 as does not exceed \$200,000 with respect to such fa-  
2 cility.

3 “(2) ELIGIBLE HYDROGEN PRODUCTION AND  
4 DISTRIBUTION FACILITY.—For purposes of this sub-  
5 section, the term ‘eligible hydrogen production and  
6 distribution facility’ means a hydrogen production  
7 and distribution facility which is placed in service  
8 after December 31, 2005.

9 “(c) HYDROGEN FUEL COSTS CREDIT.—

10 “(1) IN GENERAL.—For purposes of subsection  
11 (a), the hydrogen fuel costs credit determined under  
12 this subsection with respect to each eligible hydrogen  
13 device of the taxpayer is an amount equal to the  
14 qualified hydrogen expenditure amounts with respect  
15 to such device.

16 “(2) QUALIFIED HYDROGEN EXPENDITURE  
17 AMOUNT.—For purposes of this subsection—

18 “(A) IN GENERAL.—The term ‘qualified  
19 hydrogen expenditure amount’ means, with re-  
20 spect to each eligible hydrogen energy conver-  
21 sion device of the taxpayer with a production  
22 capacity of not more than 25 kilowatts of elec-  
23 tricity, the lesser of—

24 “(i) 30 percent of the amount paid or  
25 incurred by the taxpayer during the tax-

1           able year for hydrogen which is consumed  
2           by such device, and

3           “(ii) \$2,000.

4           In the case of any device which is not owned by  
5           the taxpayer at all times during the taxable  
6           year, the \$2,000 amount in clause (ii) shall be  
7           reduced by an amount which bears the same  
8           ratio to \$2,000 as the portion of the year which  
9           such device is not owned by the taxpayer bears  
10          to the entire year.

11          “(B) HIGHER LIMITATION FOR DEVICES  
12          WITH MORE PRODUCTION CAPACITY.—In the  
13          case of any eligible hydrogen energy conversion  
14          device with a production capacity of—

15                 “(i) more than 25 but less than 100  
16                 kilowatts of electricity, subparagraph (A)  
17                 shall be applied by substituting ‘\$4,000’  
18                 for ‘\$2,000’ each place it appears, and

19                 “(ii) not less than 100 kilowatts of  
20                 electricity, subparagraph (A) shall be ap-  
21                 plied by substituting ‘\$6,000’ for ‘\$2,000’  
22                 each place it appears.

23          “(3) ELIGIBLE HYDROGEN ENERGY CONVER-  
24          SION DEVICES.—For purposes of this subsection—

1           “(A) IN GENERAL.—The term ‘eligible hy-  
2           drogen energy conversion device’ means, with  
3           respect to any taxpayer, any hydrogen energy  
4           conversion device which—

5                   “(i) is placed in service after Decem-  
6                   ber 31, 2004, and

7                   “(ii) is wholly owned by the taxpayer  
8                   during the taxable year.

9           If an owner of a device (determined without re-  
10           gard to this subparagraph) provides to the pri-  
11           mary user of such device a written statement  
12           that such user shall be treated as the owner of  
13           such device for purposes of this section, then  
14           such user (and not such owner) shall be so  
15           treated.

16           “(B) HYDROGEN ENERGY CONVERSION  
17           DEVICE.—The term ‘hydrogen energy conver-  
18           sion device’ means—

19                   “(i) any electrochemical device which  
20                   converts hydrogen into electricity, and

21                   “(ii) any combustion engine which  
22                   burns hydrogen as a fuel.

23           “(d) REDUCTION IN BASIS.—For purposes of this  
24           subtitle, if a credit is allowed under this section for any  
25           expenditure with respect to any property, the increase in

1 the basis of such property which would (but for this para-  
2 graph) result from such expenditure shall be reduced by  
3 the amount of the credit so allowed.

4 “(e) APPLICATION WITH OTHER CREDITS.—

5 “(1) BUSINESS CREDIT TREATED AS PART OF  
6 GENERAL BUSINESS CREDIT.—So much of the credit  
7 which would be allowed under subsection (a) for any  
8 taxable year (determined without regard to this sub-  
9 section) that is attributable to amounts which (but  
10 for subsection (g) would be allowed as a deduction  
11 under section 162 shall be treated as a credit listed  
12 in section 38(b) for such taxable year (and not al-  
13 lowed under subsection (a)).

14 “(2) PERSONAL CREDIT.—The credit allowed  
15 under subsection (a) (after the application of para-  
16 graph (1)) for any taxable year shall not exceed the  
17 excess (if any) of—

18 “(A) the regular tax liability (as defined in  
19 section 26(b)) reduced by the sum of the credits  
20 allowable under subpart A and sections 27, 30,  
21 30B, and 30C, over

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

24 “(f) DENIAL OF DOUBLE BENEFIT.—The amount of  
25 any deduction or other credit allowable under this chapter

1 for any cost taken into account in determining the amount  
2 of the credit under subsection (a) shall be reduced by the  
3 amount of such credit attributable to such cost.

4 “(g) RECAPTURE.—The Secretary shall, by regula-  
5 tions, provided for recapturing the benefit of any credit  
6 allowable under subsection (a) with respect to any prop-  
7 erty which ceases to be property eligible for such credit.

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

12 “(i) REGULATIONS.—The Secretary shall prescribe  
13 such regulations as necessary to carry out the provisions  
14 of this section.”.

15 (2) CONFORMING AMENDMENTS.—

16 (A) Section 38(b) of the Internal Revenue  
17 Code of 1986 is amended by striking “plus” at  
18 the end of paragraph (32), by striking the pe-  
19 riod at the end of paragraph (33) and inserting  
20 “plus”, and by adding at the end the following  
21 new paragraph:

22 “(34) the portion of the hydrogen infrastruc-  
23 ture and fuel credit to which section 30D(e)(1) ap-  
24 plies.”.

1           (B) Section 55(e)(3) of such Code is  
2 amended by inserting “30D(e)(2),” after  
3 “30C(d)(2),”.

4           (C) Section 1016(a) of such Code is  
5 amended by striking “and” at the end of para-  
6 graph (37), by striking the period at the end of  
7 paragraph (38) and inserting “, and”, and by  
8 adding at the end the following new paragraph:  
9 “(39) to the extent provided in section  
10 30G(d).”.

11           (D) Section 6501(m) of such Code is  
12 amended by inserting “30D(h),” after  
13 “30C(e)(5),”.

14           (E) The table of sections for subpart B of  
15 part IV of subchapter A of chapter 1 of such  
16 Code is amended by inserting after the item re-  
17 lating to section 30C the following new item:

“Sec. 30G. Hydrogen infrastructure and fuel costs.”.

18           (3) EFFECTIVE DATE.—The amendments made  
19 by this section shall apply to amounts paid or in-  
20 curred after December 31, 2007, in taxable years  
21 ending after such date.

1 **SEC. 306. RATE OF CREDIT FOR ALTERNATIVE FUEL VEHI-**  
2 **CLE REFUELING PROPERTY INCREASED**  
3 **FROM 30 TO 60 PERCENT.**

4 (a) IN GENERAL.—Subsection (a) of section 30C of  
5 such Code is amended by striking “30 percent” and in-  
6 serting “60 percent”.

7 (b) REPEAL OF TERMINATION.—Section 30C of such  
8 Code is amended by striking subsection (q).

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

12 **SEC. 307. USE OF CAFÉ PENALTIES TO SUPPORT THE**  
13 **CLEAN CITIES INITIATIVE.**

14 Section 32912 of title 49, United States Code, is  
15 amended by adding at the end the following:

16 “(e) PETROLEUM REDUCTION TRUST FUND.—(1)  
17 There is established in the Treasury of the United States  
18 a trust fund, to be known as the Petroleum Reduction  
19 Trust Fund, consisting of such amounts as are deposited  
20 into the Trust Fund under paragraph (2) and any interest  
21 earned on investment of amounts in the Trust Fund.

22 “(2) The Secretary of Transportation shall remit 90  
23 percent of the amount collected in civil penalties under  
24 this section to the Trust Fund.

25 “(3) The Secretary of Energy may obligate such  
26 sums as are available in the Trust Fund for the Clean

1 Cities grant program to increase the number of locations  
2 at which consumers may purchase fuel containing ethanol,  
3 biodiesel, and other alternative fuels.”.

4 **SEC. 308. EXCLUSION FROM HEAVY TRUCK TAX FOR IDLING**  
5 **REDUCTION UNITS AND ADVANCED INSULA-**  
6 **TION.**

7 (a) IN GENERAL.—Section 4053 is amended by add-  
8 ing at the end the following new paragraphs:

9 “(9) IDLING REDUCTION DEVICE.—Any device  
10 or system of devices which

11 “(A) is designed to provide to a vehicle  
12 those services (such as heat, air conditioning, or  
13 electricity) that would otherwise require the op-  
14 eration of the main drive engine while the vehi-  
15 cle is temporarily parked or remains stationary  
16 using one or more devices affixed to a tractor,  
17 and

18 “(B) is certified by the Secretary of En-  
19 ergy, in consultation with the Administrator of  
20 the Environmental Protection Agency and the  
21 Secretary of Transportation, to reduce idling of  
22 such vehicle at a motor vehicle rest stop or  
23 other location where such vehicles are tempo-  
24 rarily parked or remain stationary.

1           “(10) ADVANCED INSULATION.—Any insulation  
2           that has an R value of not less than R35 per inch.”.

3           (b) MAINTENANCE OF TRUST FUNDS DEPOSITS;  
4 AMOUNTS APPROPRIATED TO TRUST FUND TREATED AS  
5 TAXES.—

6           (1) IN GENERAL.—There is hereby appro-  
7           priated (out of any money in the Treasury not other-  
8           wise appropriated) to the Highway Trust Fund  
9           which would (but for this subsection) receive reduced  
10          revenues as a result of the amendment made by sub-  
11          section (a) an amount equal to such reduction in  
12          revenues. Amounts appropriated by the preceding  
13          sentence to any trust fund—

14                 (A) shall be transferred from the general  
15                 fund at such times and in such manner as to  
16                 replicate to the extent possible the transfers  
17                 which would have occurred had subsection (a)  
18                 not been enacted, and

19                 (B) shall be treated for all purposes of  
20                 Federal law as taxes received under section  
21                 4051 of the Internal Revenue Code of 1986.

22          (c) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply to sales or installations after the  
24 date of the enactment of this Act.

1 **SEC. 309. ADVANCED HYDROGEN STORAGE TECH-**  
2 **NOLOGIES.**

3 (a) IN GENERAL.—The Secretary shall carry out a  
4 program of research, development, demonstration, and  
5 commercial application for technologies to enable practical  
6 onboard storage of hydrogen for use as a fuel for light-  
7 duty motor vehicles.

8 (b) OBJECTIVE.—The Secretary shall design the pro-  
9 gram under this section to develop practical hydrogen  
10 storage technologies that would enable a hydrogen-fueled  
11 light-duty motor vehicle to travel 300 miles before refuel-  
12 ing.

13 **SEC. 310. PLUG-IN ELECTRIC DRIVE VEHICLE TECHNOLOGY**  
14 **PROGRAM.**

15 (a) BATTERY.—In this section, the term “battery”  
16 means a device or system for the electrochemical storage  
17 of energy.

18 (b) PROGRAM.—The Secretary of Energy shall con-  
19 duct a program of research, development, demonstration,  
20 and commercial application on technologies needed for the  
21 development of plug-in electric drive vehicles including—

- 22 (1) high capacity, high efficiency batteries, to—  
23 (A) improve battery life, energy storage ca-  
24 pacity, and power delivery capacity, and lower  
25 cost; and

1 (B) minimize waste and hazardous mate-  
2 rial production in the entire value chain, includ-  
3 ing after the end of the useful life of the bat-  
4 teries;

5 (2) high efficiency onboard and offboard charg-  
6 ing components;

7 (3) high power drive train systems for pas-  
8 senger and commercial vehicles and for supporting  
9 equipment;

10 (4) onboard energy management systems, power  
11 trains, and systems integration for plug-in electric  
12 drive vehicles, flexible fuel vehicles, and hybrid and  
13 lean burn vehicles, including efficient cooling sys-  
14 tems and systems that minimize the emissions pro-  
15 file of such vehicles; and

16 (5) lightweight materials, including research,  
17 development, demonstration, and commercial appli-  
18 cation to reduce the cost of materials such as steel  
19 alloys and carbon fibers.

20 (c) PLUG-IN ELECTRIC DRIVE VEHICLE DEM-  
21 ONSTRATION PROGRAM.—

22 (1) ESTABLISHMENT.—The Secretary shall es-  
23 tablish a competitive grant pilot demonstration pro-  
24 gram to provide not more than 25 grants annually  
25 to State governments, local governments and public

1 entities, metropolitan transportation authorities, or  
2 combinations thereof to carry out a project or  
3 projects for demonstration of plug-in electric drive  
4 vehicles.

5 (2) APPLICATIONS.—

6 (A) REQUIREMENTS.—The Secretary shall  
7 issue requirements for applying for grants  
8 under the demonstration pilot program. The  
9 Secretary shall require that applications, at a  
10 minimum, include a description of how data will  
11 be—

12 (i) collected on the—

13 (I) performance of the vehicle or  
14 vehicles and the components, includ-  
15 ing the battery, energy management,  
16 and charging systems, under various  
17 driving speeds, trip ranges, traffic,  
18 and other driving conditions;

19 (II) costs of the vehicle or vehi-  
20 cles, including acquisition, operating,  
21 and maintenance costs, and how the  
22 project or projects will be self-sus-  
23 taining after Federal assistance is  
24 completed; and

1 (III) emissions of the vehicle or  
2 vehicles, including greenhouse gases,  
3 and the amount of petroleum dis-  
4 placed as a result of the project or  
5 projects; and

6 (ii) summarized for dissemination to  
7 the Department, other grantees, and the  
8 public.

9 (B) PARTNERS.—An applicant under sub-  
10 paragraph (A) may carry out a project or  
11 projects under the pilot program in partnership  
12 with one or more private or nonprofit entities,  
13 which may include institutions of higher edu-  
14 cation, including Historically Black Colleges  
15 and Universities, Hispanic Serving Institutions,  
16 and other minority-serving institutions.

17 (3) SELECTION CRITERIA.—

18 (A) PREFERENCE.—When making awards  
19 under this subsection, the Secretary shall con-  
20 sider each applicant’s previous experience in-  
21 volving plug-in electric drive vehicles and shall  
22 give preference to proposals that—

23 (i) provide the greatest demonstration  
24 per award dollar, with preference increas-  
25 ing as the number of miles that a plug-in

1 hybrid electric vehicle can be propelled  
2 solely on electric power under city driving  
3 conditions increases; and

4 (ii) maximize the non-Federal share of  
5 project funding and demonstrate the great-  
6 est likelihood that each project proposed in  
7 the application will be maintained or ex-  
8 panded after Federal assistance under this  
9 subsection is completed.

10 (B) BREADTH OF DEMONSTRATIONS.—In  
11 awarding grants under this subsection, the Sec-  
12 retary shall ensure the program will dem-  
13 onstrate plug-in electric drive vehicles under  
14 various circumstances, including—

- 15 (i) driving speeds;  
16 (ii) trip ranges;  
17 (iii) driving conditions;  
18 (iv) climate conditions; and  
19 (v) topography,

20 to optimize understanding and function of plug-  
21 in hybrid electric vehicles.

22 (4) PILOT PROJECT REQUIREMENTS.—

23 (A) SUBSEQUENT FUNDING.—An applicant  
24 that has received a grant in one year may apply  
25 for additional funds in subsequent years, but

1 the Secretary shall not provide more than  
2 \$10,000,000 in Federal assistance under the  
3 pilot program to any applicant for the period  
4 encompassing fiscal years 2007 through fiscal  
5 year 2011.

6 (B) INFORMATION.—The Secretary shall  
7 establish mechanisms to ensure that the infor-  
8 mation and knowledge gained by participants in  
9 the pilot program are shared among the pilot  
10 program participants and are available to other  
11 interested parties, including other applicants.

12 (5) AWARD AMOUNTS.—The Secretary shall de-  
13 termine grant amounts, but the maximum size of  
14 grants shall decline as the cost of producing plug-in  
15 electric drive vehicles declines or the cost of con-  
16 verting a hybrid electric vehicle to a plug-in electric  
17 drive vehicle declines.

18 (d) COST SHARING.—The Secretary shall carry out  
19 the program under this section in compliance with section  
20 988(a) through (d) and section 989 of the Energy Policy  
21 Act of 2005 (42 U.S.C. 16352(a) through (d) and 16353).

22 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
23 are authorized to be appropriated to the Secretary—

24 (1) for carrying out subsection (c),  
25 \$100,000,000 for fiscal year 2008 and such sums as

1 may be necessary for each of the fiscal years 2009  
2 through 2011; and

3 (2) for carrying out subsection (d),  
4 \$50,000,000 for fiscal year 2008 and such sums as  
5 may be necessary for each of the fiscal years 2009  
6 through 2011.

7 **TITLE IV—REDUCING CON-**  
8 **SUMER ENERGY AND GASO-**  
9 **LINE COSTS**

10 **SEC. 401. REFUNDABLE EMPLOYER CREDIT FOR PRO-**  
11 **VIDING TAX-FREE TRANSIT PASSES TO EM-**  
12 **PLOYEES.**

13 (a) IN GENERAL.—Subpart C of part IV of sub-  
14 chapter A of chapter 1 of the Internal Revenue Code of  
15 1986 (relating to refundable credits) is amended by insert-  
16 ing after section 35 the following new section:

17 **“SEC. 35A. EMPLOYERS PROVIDING TAX-FREE TRANSIT**  
18 **PASSES TO EMPLOYEES.**

19 “(a) IN GENERAL.—In the case of an employer, there  
20 shall be allowed as a credit against the tax imposed by  
21 this subtitle for the taxable year an amount equal to 50  
22 percent of the amount paid or incurred by the taxpayer  
23 during the taxable year—

24 “(1) for transit passes provided to employees of  
25 such employer, and

1           “(2) as cash reimbursements made to such em-  
2           ployees for transit passes purchased by such employ-  
3           ees.

4           “(b) LIMITATION TO TAX-FREE TRANSIT PASSES.—  
5           Subsection (a) shall apply to a transit pass (or reimburse-  
6           ment) provided to an employee only to the extent that the  
7           employer reasonably expects that the value of such pass  
8           (or the amount of such reimbursement) is excludable from  
9           such employee’s income under section 132.

10          “(c) EXCLUSION OF NONTAXPAYERS.—Subsection  
11          (a) shall not apply to any employer which is exempt from  
12          the tax imposed by this chapter with respect to the activity  
13          in which the employee is performing services for the em-  
14          ployer.

15          “(d) DEFINITIONS.—Terms used in this section shall  
16          have the respective meanings given such terms by section  
17          132.”.

18          (b) DENIAL OF DOUBLE BENEFIT.—Section 280C of  
19          such Code is amended by adding at the end the following  
20          new subsection:

21          “(g) EMPLOYER CREDIT FOR PROVIDING TAX-FREE  
22          TRANSIT PASSES TO EMPLOYEES.—No deduction shall be  
23          allowed for that portion of the expenses (otherwise allow-  
24          able as a deduction) taken into account in determining the  
25          credit under section 35A for the taxable year which is

1 equal to the amount of the credit allowable for such tax-  
2 able year under section 35A(a).”.

3 (c) CLERICAL AMENDMENT.—The table of sections  
4 for such subpart C is amended by inserting after the item  
5 relating to section 35 the following new item:

“Sec. 35A. Employers providing tax-free transit passes to employees.”.

6 (d) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to transit passes provided after the  
8 date of the enactment of this Act in taxable years ending  
9 after such date.

10 **SEC. 402. REDUCTION IN NUMBER OF BOUTIQUE FUELS.**

11 Section 211(c)(4)(C) of the Clean Air Act (42 U.S.C.  
12 7545(c)(4)(C)) is amended as follows:

13 (1) By redesignating the clause (v) added by  
14 section 1541(b) of the Energy Policy Act of 2005  
15 (Public Law 109–58; 119 Stat. 1106) as clause (vi).

16 (2) In clause (vi) (as so redesignated)—

17 (A) in subclause (I) by striking “approved  
18 under this paragraph as of September 1, 2004,  
19 in all State implementation plans” and by in-  
20 serting in lieu there of “set forth on the list  
21 published under subclause (II) (or on the re-  
22 vised list referred to in subclause (III) if the list  
23 has been revised)”;

24 (B) by amending subclause (III) to read as  
25 follows:

1           “(III) The Administrator shall, after notice  
2           and opportunity for comment, remove a fuel  
3           from the list published under subclause (II) if  
4           the Administrator determines that such fuel has  
5           ceased to be included in any State implementa-  
6           tion plan or is identical to a Federal fuel con-  
7           trol or prohibition promulgated and imple-  
8           mented by the Administrator. The Adminis-  
9           trator shall publish a revised list reflecting the  
10          reduction in the number of fuels.”; and

11           (C) by amending subclause (IV) to read as  
12          follows:

13                           “(IV) Subclause (I) shall not  
14                           limit the Administrator’s author-  
15                           ity to approve a control or prohi-  
16                           bition respecting any new fuel  
17                           under this paragraph in a State  
18                           implementation plan or revision  
19                           to a State implementation plan if  
20                           such new fuel completely replaces  
21                           a fuel on the list published under  
22                           subclause (II) (or the revised list  
23                           referred to in subclause (III) if  
24                           the list has been revised) and if  
25                           the Administrator, after consulta-

1                   tion with the Secretary of En-  
2                   ergy, publishes in the Federal  
3                   Register after notice and com-  
4                   ment a finding that, in the Ad-  
5                   ministrator’s judgment, such con-  
6                   trol or prohibition respecting  
7                   such new fuel will not cause fuel  
8                   supply or distribution interrup-  
9                   tions or have a significant ad-  
10                  verse impact on fuel producibility  
11                  in the affected area or contiguous  
12                  areas.”.

13 **SEC. 403. GREEN SCHOOLS GRANT PROGRAM.**

14           (a) ESTABLISHMENT.—From the amounts appro-  
15           priated under subsection (c), the Administrator of the En-  
16           vironmental Protection Agency shall establish a program  
17           to make grants of not more than \$10,000 to local edu-  
18           cational agencies that meet the matching-funds require-  
19           ment in subsection (b) for each green school construction  
20           and improvement project.

21           (b) MATCHING FUNDS.—To be eligible to receive a  
22           grant under subsection (a), a local educational agency  
23           shall fund at least 50 percent of the costs of the project  
24           described in subsection (a) with non-Federal sources.

1 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated to the Administrator of  
3 the Environmental Protection Agency for carrying out this  
4 section, \$5,000,000 for each of the fiscal years 2009  
5 through 2013.

6 (d) DEFINITIONS.—For purposes of this section—

7 (1) the term “green school construction and im-  
8 provements” means construction methods, systems,  
9 technologies, or facility improvements that create a  
10 healthy learning environment while saving natural  
11 resources and money, including—

12 (A) sustainable site improvements;

13 (B) water conservation strategies or sys-  
14 tems;

15 (C) energy conservation strategies or sys-  
16 tems;

17 (D) sustainable materials, including low-  
18 emitting, reused, recycled, regionally harvested,  
19 and rapidly renewable materials; and

20 (E) strategies or systems that improve in-  
21 door environmental quality, including improve-  
22 ments to acoustics, ventilation, thermal com-  
23 fort, daylighting, and mold prevention; and

24 (2) the term “local educational agency” has the  
25 meaning given that term in section 9101 of the Ele-

1       mentary and Secondary Education Act of 1965 (20  
2       U.S.C. 7801).

3       **SEC. 404. EXTENSION AND GREENING OF QUALIFIED ZONE**  
4                                   **ACADEMY BONDS.**

5       (a) **EXTENSION.**—Paragraph (1) of 1397E(e) of the  
6 Internal Revenue Code of 1986 (relating to limitation on  
7 amount of bonds designated) is amended by striking  
8 “1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006,  
9 and 2007” and inserting “each of calendar years 1998  
10 through 2012”.

11       (b) **GREENING.**—Paragraph (5) of section 1397E(d)  
12 of such Code (defining qualified purpose) is amended by  
13 adding at the end the following new sentence:

14       “In the case of bonds issued after the date of the  
15 enactment of this sentence, any rehabilitation, re-  
16 pair, or provision of equipment shall be treated as  
17 a qualified purpose only if such rehabilitation, re-  
18 pair, or provision, as the case may be, is described  
19 in section 403(d) of the Apollo Energy Independence  
20 Act of 2008, as in effect on such date.”.

21       (c) **EFFECTIVE DATE.**—The amendment made by  
22 subsection (a) shall apply to obligations issued after De-  
23 cember 31, 2007.

1 **SEC. 405. STUDY ON THE REDUCTION OF ENERGY COSTS IN**  
2 **PUBLIC SCHOOLS.**

3 (a) STUDY.—Not later than 3 months after the date  
4 of enactment of this Act, the Secretary of Energy, in con-  
5 sultation with the Secretary of Education, shall conduct  
6 a study to evaluate the daily and seasonal energy costs  
7 in public schools and how such schools can best utilize the  
8 public school calendar to reduce such energy costs.

9 (b) REPORT.—Not later than 2 years after the com-  
10 mencement of the study required by subsection (a), the  
11 Secretary of Energy, in consultation with the Secretary  
12 of Education, shall submit a report to each House of Con-  
13 gress containing the results of such study and rec-  
14 ommendations regarding—

15 (1) the optimal time public schools in each  
16 State should start and end the school day based on  
17 the geographic locations of, and average monthly  
18 temperatures and other climate factors in the areas  
19 surrounding, such schools; and

20 (2) the optimal school calendar for public  
21 schools in each State to reduce the energy costs of  
22 such schools by at least 5 percent each calendar  
23 year.

24 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
25 are authorized to be appropriated to the Secretary of En-  
26 ergy for carrying out this section, \$500,000 for fiscal year

1 2009, and such sums as are necessary for each fiscal year  
2 thereafter.

3 (d) DEFINITION.—For purposes of this section, the  
4 term “public school” has the meaning given such term in  
5 section 5145 of the Elementary and Secondary Education  
6 Act of 1965 (20 U.S.C. 7217d).

7 **SEC. 406. ETHANOL.**

8 (a) IN GENERAL.—Subchapter II of chapter 99 of  
9 the Harmonized Tariff Schedule of the United States is  
10 amended by inserting in numerical sequence the following  
11 new heading:

“	9902.05.40	Ethyl alcohol (provided for in subheadings 2207.10.60 and 2207.20) or any mixture containing such ethyl alcohol (provided for in heading 2710 or 3824) if such ethyl alcohol or mixture is to be used as a fuel or in producing a mixture of gasoline and alcohol, a mixture of a special fuel and alcohol, or any other mixture to be used as fuel (including motor fuel provided for in subheading 2710.11.15, 2710.19.15 or 2710.19.21), or is suitable for any such uses .....	Free	Free	Free	On or before 12/31/2010	”.
---	------------	--	------	------	------	-------------------------	----

12 (b) EFFECTIVE DATE.—The amendment made by  
13 subsection (a) applies with respect to goods entered, or  
14 withdrawn from warehouse for consumption, on or after  
15 the 15th day after the date of the enactment of this Act.

16 (c) EFFECT ON HEADING 9901.00.50.—During the  
17 period beginning on the effective date under subsection (b)  
18 and ending on December 31, 2010, heading 9901.00.50

1 of the Harmonized Tariff Schedule of the United States  
2 is not effective.

3 **TITLE V—OFFSETS**

4 **SEC. 501. FY09 COST.**

5 (a) MORATORIUM ON CONSIDERATION OF EAR-  
6 MARKS.—

7 (1) IN THE HOUSE.—In the 110th Congress, it  
8 shall not be in order to consider a bill, joint resolu-  
9 tion, amendment, or conference report containing a  
10 congressional earmark, limited tax benefit, or limited  
11 tariff benefit (as such terms are defined by clause 9  
12 of rule XXI of the Rules of the House of Represent-  
13 atives).

14 (2) DEFINITION.—For purposes of this sub-  
15 section, the term “earmark” shall include congress-  
16 sional earmarks, congressionally directed spending  
17 items, limited tax benefits, or limited tariff benefits  
18 as those terms are defined by clause 9 of rule XXI  
19 of the Rules of the House of Representatives and  
20 rule XLIV of the Standing Rules of the Senate.  
21 Nothing in this subsection shall confine the study of  
22 the joint select committee or otherwise limit its rec-  
23 ommendations.

24 (b) REVISION OF CONCURRENT RESOLUTION ON THE  
25 BUDGET.—

1           (1) Upon the enactment of this Act, the chair-  
2           men of the Committees on the Budget of the House  
3           and the Senate shall reduce the allocation of new  
4           budget authority and the outlays flowing therefrom  
5           to the Committees on Appropriations of the House  
6           and the Senate set forth pursuant to section 302(a)  
7           of the Congressional Budget Act of 1974 for fiscal  
8           year 2009 by \$14.8 billion.

9           (2) The chairmen of the Committees on the  
10          Budget of the House and the Senate shall make any  
11          other necessary and conforming adjustments in the  
12          concurrent resolution on the budget for fiscal year  
13          2009.

14 **SEC. 502. CONSERVATION OF RESOURCES FEES.**

15          (a) ESTABLISHMENT OF FEES.—

16               (1) IN GENERAL.—Not later than 60 days after  
17               the date of enactment of this Act, the Secretary of  
18               the Interior by regulation shall establish—

19                       (A) a conservation of resources fee for pro-  
20                       ducing Federal oil and gas leases in the Gulf of  
21                       Mexico; and

22                       (B) a conservation of resources fee for  
23                       nonproducing Federal oil and gas leases in the  
24                       Gulf of Mexico.

1           (2) PRODUCING LEASE FEE TERMS.—The fee  
2           under paragraph (1)(A)—

3                   (A) subject to subparagraph (C), shall  
4           apply to covered leases that are producing  
5           leases;

6                   (B) shall be set at \$9 per barrel for oil and  
7           \$1.25 per million Btu for gas, respectively, in  
8           2005 dollars; and

9                   (C) shall apply only to production of oil or  
10          gas occurring—

11                   (i) in any calendar year in which the  
12          arithmetic average of the daily closing  
13          prices for light sweet crude oil on the New  
14          York Mercantile Exchange (NYMEX) ex-  
15          ceeds \$34.73 per barrel for oil and \$4.34  
16          per million Btu for gas in 2005 dollars;  
17          and

18                   (ii) on or after October 1, 2006.

19           (3) NONPRODUCING LEASE FEE TERMS.—The  
20          fee under paragraph (1)(B)—

21                   (A) subject to subparagraph (C), shall  
22          apply to leases that are nonproducing leases;

23                   (B) shall be set at \$3.75 per acre per year  
24          in 2005 dollars; and

1 (C) shall apply on and after October 1,  
2 2006.

3 (4) TREATMENT OF RECEIPTS.—Amounts re-  
4 ceived by the United States as fees under this sub-  
5 section shall be treated as offsetting receipts.

6 (b) COVERED LEASE DEFINED.—In this section the  
7 term “covered lease” means a lease for oil or gas produc-  
8 tion in the Gulf of Mexico that is—

9 (1) in existence on the date of enactment of this  
10 Act;

11 (2) issued by the Department of the Interior  
12 under section 304 of the Outer Continental Shelf  
13 Deep Water Royalty Relief Act (43 U.S.C. 1337  
14 note; Public Law 104–58); and

15 (3) not subject to limitations on royalty relief  
16 based on market price that are equal to or less than  
17 the price thresholds described in clauses (v) through  
18 (vii) of section 8(a)(3)(C) of the Outer Continental  
19 Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)).

20 (c) ROYALTY SUSPENSION PROVISIONS.—The Sec-  
21 retary of the Interior shall agree to a request by any lessee  
22 to amend any lease issued for Central and Western Gulf  
23 of Mexico tracts during the period of January 1, 1998,  
24 through December 31, 1999, to incorporate price thresh-  
25 olds applicable to royalty suspension provisions, or amend

1 existing price thresholds, in the amount of \$34.73 per bar-  
2 rel (2005 dollars) for oil and for natural gas of \$4.34 per  
3 million Btu (2005 dollars).

4 **SEC. 503. REDUCTION IN PAYMENT ACRES FOR DIRECT**  
5 **AND COUNTER-CYCLICAL PAYMENTS UNDER**  
6 **DEPARTMENT OF AGRICULTURE COMMODITY**  
7 **PROGRAMS.**

8 (a) PROGRAM CROPS.—Section 1001(11) of the  
9 Food, Conservation, and Energy Act of 2008 (7 U.S.C.  
10 8702(11)) is amended—

11 (1) in subparagraph (A), by striking “85 per-  
12 cent” and inserting “84 percent”; and

13 (2) in subparagraph (B), by striking “83.3 per-  
14 cent” and inserting “82.3 percent”.

15 (b) PEANUTS.—Section 1301(5) of the Food, Con-  
16 servation, and Energy Act of 2008 (7 U.S.C. 8751(5)) is  
17 amended—

18 (1) in subparagraph (A), by striking “85 per-  
19 cent” and inserting “84 percent”; and

20 (2) in subparagraph (B), by striking “83.3 per-  
21 cent” and inserting “82.3 percent”.

1 **SEC. 504. REDUCTION IN MAXIMUM AMOUNT OF DIRECT,**  
2 **COUNTER-CYCLICAL, AND ACRE PAYMENTS**  
3 **PAID TO PRODUCERS UNDER DEPARTMENT**  
4 **OF AGRICULTURE COMMODITY PROGRAMS.**

5 (a) PROGRAM CROPS.—Section 1001(b) of the Food  
6 Security Act of 1985 (7 U.S.C. 1308(b)) is amended—

7 (1) in paragraph (1)(A), by striking “\$40,000”  
8 and inserting “\$20,000”;

9 (2) in paragraph (2), by striking “\$65,000”  
10 and inserting “\$32,500”; and

11 (3) in paragraph (3)(A), by striking “\$65,000”  
12 and inserting “\$32,500”.

13 (b) PEANUTS.—Section 1001(c) of the Food Security  
14 Act of 1985 (7 U.S.C. 1308(b)) is amended—

15 (1) in paragraph (1)(A), by striking “\$40,000”  
16 and inserting “\$20,000”;

17 (2) in paragraph (2), by striking “\$65,000”  
18 and inserting “\$32,500”; and

19 (3) in paragraph (3)(A), by striking “\$65,000”  
20 and inserting “\$32,500”.

21 **SEC. 505. CONSOLIDATION OF MILITARY EXCHANGE**  
22 **STORES SYSTEM.**

23 (a) CONSOLIDATION.—Section 2487(b) of title 10,  
24 United States Code, is amended—

25 (1) by redesignating paragraph (2) as para-  
26 graph (3); and



1 **“§ 2471. Depot-level activities of the Department of**  
2 **Defense: pricing policy for services ren-**  
3 **dered**

4 “A depot-level activity of the Department of Defense  
5 may charge only for the incremental cost of repairs pro-  
6 vided by the depot-level activity instead of including  
7 charges for components (called depot-level repairables) for  
8 labor, materials, and transportation and a share of the  
9 fixed costs of overhead. Fixed costs, including overhead,  
10 shall be covered by an annual flat fee to customers.”.

11 (b) CLERICAL AMENDMENT.—The table of sections  
12 at the beginning of such chapter is amended by inserting  
13 after the item relating to section 2470 the following new  
14 item:

“2471. Depot-level activities of the Department of Defense: pricing policy for  
services rendered.”.

15 **SEC. 507. RESTRICT UNIVERSAL SERVICE FUND SUPPORT**  
16 **TO 2 CONNECTIONS PER HOUSEHOLD.**

17 (a) IN GENERAL.—Section 254(c) of the Communica-  
18 tions Act of 1934 (47 U.S.C. 254(c)) is amended by add-  
19 ing at the end the following new paragraph:

20 “(4) EXCEPTION.—In carrying out paragraph  
21 (1), the Commission shall promulgate regulations to  
22 specifically exclude the receipt of universal service  
23 support by any eligible telecommunications carrier

1 where such support would provide for more than 2  
2 connections per household.”.

3 (b) DISPOSITION OF SAVINGS.—

4 (1) SAVINGS CALCULATION.—The Commission  
5 shall direct the Administrator to determine the  
6 amount of the net savings resulting from the imple-  
7 mentation of section 254(c)(4) of the Communica-  
8 tions Act of 1934 (as added by subsection (a)).

9 (2) REMISSION TO THE TREASURY.—The Com-  
10 mission shall direct the Administrator to remit to  
11 the Treasury of the United States an amount equiv-  
12 alent to the amount determined under paragraph  
13 (1).

14 (3) NO RECALCULATION.—The Commission  
15 shall direct the Administrator to not make any ad-  
16 justment to the amount of universal service support  
17 contributed by telecommunications carriers under  
18 section 254(d) of the Communications Act of 1934  
19 (47 U.S.C. 254(d)) to take into account the cost  
20 savings resulting from section 254(c)(4) of such Act.

21 (c) DEFINITIONS.—In this section:

22 (1) ADMINISTRATOR.—The term “Adminis-  
23 trator” means the Administrator designated by the  
24 Commission to administer Federal universal service

1 support programs pursuant to section 254 of the  
2 Communications Act of 1934 (47 U.S.C. 254).

3 (2) COMMISSION.—The term “Commission”  
4 means the Federal Communications Commission.

5 **SEC. 508. IMPROVE TREASURY PAYMENT TRANSACTION IN-**  
6 **TEGRITY.**

7 Section 1113(k)(1) of the Right to Financial Privacy  
8 Act of 1978 (12 U.S.C. 3413(k)(1)) is amended by insert-  
9 ing “or for purposes of tracing or recovering improper  
10 payments and collections by the Secretary of the Treas-  
11 ury” before the period at the end.

12 **SEC. 509. MODERNIZE TREASURY CASH INVESTMENT PRAC-**  
13 **TICES.**

14 Section 323 of title 31, United States Code, is  
15 amended by adding at the end the following new sub-  
16 section:

17 “(d) REPURCHASE MARKET INVESTMENTS.—In ad-  
18 dition to the investments authorized under subsection (a),  
19 the Secretary may invest any part of the operating cash  
20 of the Treasury in repurchase transactions with acceptable  
21 parties in the repurchase market.”.

22 **SEC. 510. FOOD SAFETY AND INSPECTION SERVICE USER**  
23 **FEES.**

24 The Secretary of Agriculture shall establish and col-  
25 lect user fees for inspection services provided under the

1 Federal Meat Inspection Act (21 U.S.C. 601 et seq.), the  
2 Poultry Products Inspection Act (21 U.S.C. 451 et seq.),  
3 and the Egg Products Inspection Act (21 U.S.C. 1031 et  
4 seq.).

○