

110TH CONGRESS  
2D SESSION

# H. R. 6570

To encourage increased production of natural gas vehicles and to provide tax incentives for natural gas vehicle infrastructure.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2008

Mr. EMANUEL introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Oversight and Government Reform and Energy and Commerce, 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

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## A BILL

To encourage increased production of natural gas vehicles and to provide tax incentives for natural gas vehicle infrastructure.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “New Alternative  
5 Transportation to Give Americans Solutions Act”.

6 **SEC. 2. SENSE OF CONGRESS REGARDING NATURAL GAS**  
7 **VEHICLES.**

8 (a) FINDINGS.—Congress finds that—

1           (1) according to the Energy Information Ad-  
2           ministration (EIA), the transportation sector ac-  
3           counts for 69 percent of United States oil consump-  
4           tion;

5           (2) natural gas is cleaner and cheaper than gas-  
6           oline;

7           (3) 98 percent of natural gas consumed in the  
8           United States is produced in North America;

9           (4) recent shale discoveries and technology de-  
10          velopment is increasing the American supply of nat-  
11          ural gas;

12          (5) natural gas vehicles are growing in popu-  
13          larity in Europe, South America, and elsewhere; and

14          (6) the diversification of transportation fuel  
15          sources would help the United States meet rapidly  
16          growing domestic and global energy demands, reduce  
17          the dependence of the United States on oil imported  
18          from volatile regions of the world that are politically  
19          unstable, stabilize the cost and availability of energy,  
20          and safeguard the economy and security of the  
21          United States.

22          (b) SENSE OF CONGRESS.—It is the sense of Con-  
23          gress that it is the goal of the United States that, not  
24          later than December 31, 2018, 10 percent of new vehicles  
25          sold in the United States should be natural gas vehicles.

1 **SEC. 3. INCREASES IN NATURAL GAS REFUELING PROP-**  
2 **ERTY CREDIT; NONBUSINESS CREDIT LIMITA-**  
3 **TION DOUBLED; EXTENSION OF CREDIT.**

4 (a) INCREASE IN CREDIT PERCENTAGE FOR NAT-  
5 URAL GAS REFUELING PROPERTY.—Subsection (a) of  
6 section 30C of the Internal Revenue Code of 1986 (relat-  
7 ing to alternative fuel vehicle refueling property credit) is  
8 amended by adding at the end the following new sentence:  
9 “In the case of qualified clean-fuel refueling property (as  
10 defined in section 179A(d)) which is described in section  
11 179A(d)(3) with respect to natural gas fuel, the preceding  
12 sentence shall be applied by substituting ‘50 percent’ for  
13 ‘30 percent.’”

14 (b) INCREASE IN LIMITATION.—Subsection (b) of  
15 section 30C of such Code is amended to read as follows:

16 “(b) LIMITATION.—

17 “(1) IN GENERAL.—The credit allowed under  
18 subsection (a) with respect to all qualified alter-  
19 native fuel vehicle refueling property placed in serv-  
20 ice by the taxpayer during the taxable year at a lo-  
21 cation shall not exceed—

22 “(A) \$30,000 in the case of a property of  
23 a character subject to an allowance for depre-  
24 ciation, and

25 “(B) \$1,000 in any other case.

1           “(2) INCREASED CREDIT FOR NATURAL GAS RE-  
2 FUELING PROPERTY.—

3           “(A) BUSINESS PROPERTY.—The limita-  
4 tion under paragraph (1)(A) shall be increased  
5 by the lesser of—

6                   “(i) \$60,000, or

7                   “(ii) 50 percent of the cost of quali-  
8 fied clean-fuel refueling property (as de-  
9 fined in section 179A(d))—

10                   “(I) which is described in section  
11 179A(d)(3) with respect to natural  
12 gas fuel,

13                   “(II) which is of a character sub-  
14 ject to an allowance for depreciation,  
15 and

16                   “(III) which is placed in service  
17 during the taxable year.

18           “(B) NONBUSINESS PROPERTY.—The limi-  
19 tation described in paragraph (1)(B) shall be  
20 increased by the lesser of—

21                   “(i) \$1,000, or

22                   “(ii) 50 percent of the cost of quali-  
23 fied clean-fuel refueling property (as de-  
24 fined in section 179A(d))—

1                   “(I) which is described in section  
2                   179A(d)(3) with respect to natural  
3                   gas fuel,

4                   “(II) which is not of a character  
5                   subject to an allowance for deprecia-  
6                   tion, and

7                   “(III) which is placed in service  
8                   during the taxable year.”.

9           (c) **EXTENSION OF CREDIT THROUGH 2017.**—Sub-  
10 section (g) of section 30C of such Code is amended to read  
11 as follows:

12           “(g) **TERMINATION.**—This section shall not apply to  
13 any property placed in service after December 31, 2017.”.

14           (d) **EFFECTIVE DATE.**—The amendments made by  
15 this section shall apply to property placed in service after  
16 December 31, 2008, in taxable years ending after such  
17 date.

18 **SEC. 4. ENERGY SECURITY BONDS.**

19           (a) **IN GENERAL.**—Subpart H of part IV of sub-  
20 chapter A of chapter 1 of the Internal Revenue Code of  
21 1986 (relating to nonrefundable credit to holders of cer-  
22 tain bonds) is amended by adding after section 54B the  
23 following new section:

1 **“SEC. 54C. ENERGY SECURITY BONDS.**

2 “(a) ENERGY SECURITY BOND.—For purposes of  
3 this subchapter, the term ‘energy security bond’ means  
4 any bond issued as part of an issue if—

5 “(1) 100 percent of the available project pro-  
6 ceeds of such issue are to be used for qualified pur-  
7 poses,

8 “(2) the bond is issued by a qualified issuer,

9 “(3) the issuer designates such bond for pur-  
10 poses of this section, and

11 “(4) repayments of principal and applicable in-  
12 terest on financing provided by the issue are used  
13 not later than the close of the 3-month period begin-  
14 ning on the date the repayment (or complete repay-  
15 ment) is received—

16 “(A) to redeem bonds which are part of  
17 the issue, or

18 “(B) for any qualified purpose.

19 For purposes of paragraph (4), the term ‘applicable inter-  
20 est’ means so much of the interest on any loan as exceeds  
21 the amount payable at a 1 percent rate.

22 “(b) QUALIFIED PURPOSE.—For purposes of this  
23 section—

24 “(1) IN GENERAL.—The term ‘qualified pur-  
25 pose’ means the making of grants and low-interest  
26 loans for the purpose of placing in service natural

1 gas refueling property at retail motor fuel stations  
2 located in the United States.

3 “(2) LIMITATION ON LOANS.—Such term shall  
4 not include—

5 “(A) any loan of more than \$200,000 for  
6 property located at any one retail motor fuel  
7 station, and

8 “(B) any loan for more than 50 percent of  
9 the cost of such property and its installation.

10 “(3) NATURAL GAS REFUELING PROPERTY.—  
11 The term ‘natural gas refueling property’ means  
12 qualified clean-fuel refueling property (as defined in  
13 section 179A(d)) which is described in section  
14 179A(d)(3) with respect to natural gas fuel.

15 “(4) LOW-INTEREST LOAN.—The term ‘low-in-  
16 terest loan’ means any loan the rate of interest on  
17 which does not exceed the applicable Federal rate in  
18 effect under section 1288(b)(1) determined as of the  
19 issuance of the loan.

20 “(c) LIMITATION ON AMOUNT OF BONDS DES-  
21 IGNATED.—The maximum aggregate face amount of  
22 bonds which may be designated under subsection (a) by  
23 any issuer shall not exceed the limitation amount allocated  
24 to such issuer under subsection (e).

1       “(d) NATIONAL LIMITATION ON AMOUNT OF BONDS  
2 DESIGNATED.—There is a national energy security bond  
3 limitation of \$2,600,000,000.

4       “(e) ALLOCATION.—

5           “(1) IN GENERAL.—The Secretary shall make  
6 allocations of the amount of the national energy se-  
7 curity bond limitation under subsection (d) among  
8 qualified issuers in such manner as the Secretary de-  
9 termines appropriate.

10           “(2) RESERVATION FOR PROPERTY IN METRO-  
11 POLITAN AREA.—50 percent of the national energy  
12 security bond limitation under subsection (d) may be  
13 allocated only for loans to provide natural gas refuel-  
14 ing property located in metropolitan statistical areas  
15 (within the meaning of section 143(k)(2)(B)).

16           “(3) PERCENTAGE OF STATIONS RECEIVING  
17 LOANS.—In making allocations under paragraph (1),  
18 the Secretary shall attempt to ensure that at least  
19 10 percent of the retail motor fuel stations in the  
20 United States received loans from the proceeds of  
21 energy security bonds.

22       “(f) QUALIFIED ISSUER.—For purposes of this sec-  
23 tion, the term ‘qualified issuer’ means any State or any  
24 political subdivision or instrumentality thereof.



1 “(g) TERMINATION.—This section shall not apply  
2 with respect to any bond issued after December 31,  
3 2017.”.

4 (b) COORDINATION WITH REFUELING PROPERTY  
5 CREDIT.—Subsection (e) of section 30C of such Code is  
6 amended by adding at the end the following new para-  
7 graph:

8 “(6) COORDINATION WITH ENERGY SECURITY  
9 BONDS.—The cost otherwise taken into account  
10 under this section with respect to any property shall  
11 be reduced by the portion of such cost which is fi-  
12 nanced by any loan provided from the proceeds of  
13 any energy security bond (as defined in section  
14 54C).”.

15 (c) CONFORMING AMENDMENTS.—

16 (1) Paragraph (1) of section 54A(d) of such  
17 Code is amended to read as follows:

18 “(1) QUALIFIED TAX CREDIT BOND.—The term  
19 ‘qualified tax credit bond’ means—

20 “(A) a qualified forestry conservation  
21 bond, or

22 “(B) an energy security bond,  
23 which is part of an issue that meets requirements of  
24 paragraphs (2), (3), (4), (5), and (6).”.

1           (2) Subparagraph (C) of section 54A(d)(2) of  
2 such Code is amended to read as follows:

3           “(C) **QUALIFIED PURPOSE.**—For purposes  
4 of this paragraph, the term ‘qualified purpose’  
5 means—

6           “(i) in the case of a qualified forestry  
7 conservation bond, a purpose specified in  
8 section 54B(e), and

9           “(ii) in the case of an energy security  
10 bond, a purpose specified in section  
11 54C(b).”.

12           (3) The table of sections for subpart I of part  
13 IV of subchapter A of chapter 1 is amended by add-  
14 ing at the end the following new item:

“Sec. 54C. Energy security bonds.”.

15           (d) **EFFECTIVE DATE.**—The amendments made by  
16 this section shall apply to obligations issued after Decem-  
17 ber 31, 2008.

18 **SEC. 5. CREDIT FOR PRODUCING VEHICLES FUELED BY**  
19 **NATURAL GAS OR LIQUIFIED NATURAL GAS.**

20           (a) **IN GENERAL.**—Subpart D of part IV of sub-  
21 chapter 1 of the Internal Revenue Code of 1986 (relating  
22 to business-related credits) is amended by inserting after  
23 section 45P the following new section:

1 **“SEC. 45Q. PRODUCTION OF VEHICLES FUELED BY NAT-**  
2 **URAL GAS OR LIQUIFIED NATURAL GAS.**

3 “(a) IN GENERAL.—For purposes of section 38, in  
4 the case of a taxpayer who is a manufacturer of natural  
5 gas vehicles, the natural gas vehicle credit determined  
6 under this section for any taxable year with respect to  
7 each eligible natural gas vehicle produced by the taxpayer  
8 during such year is an amount equal to the lesser of—

9 “(1) 10 percent of the manufacturer’s basis in  
10 such vehicle, or

11 “(2) \$2,000.

12 “(b) AGGREGATE CREDIT ALLOWED.—The aggre-  
13 gate amount of credit allowed under subsection (a) with  
14 respect to a taxpayer for any taxable year shall not exceed  
15 \$100,000,000 reduced by the amount of the credit allowed  
16 under subsection (a) to the taxpayer (or any predecessor)  
17 for all prior taxable years.

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

19 “(1) ELIGIBLE NATURAL GAS VEHICLE.—The  
20 term ‘eligible natural gas vehicle’ means any motor  
21 vehicle (as defined in section 30(c)(2))—

22 “(A) which is only capable of operating on  
23 natural gas or liquified natural gas, and

24 “(B) the final assembly of which is in the  
25 United States.

1           “(2) MANUFACTURER.—The term ‘manufac-  
2           turer’ has the meaning given such term in regula-  
3           tions prescribed by the Administrator of the Envi-  
4           ronmental Protection Agency for purposes of the ad-  
5           ministration of title II of the Clean Air Act (42  
6           U.S.C. 7521 et seq.).

7           “(d) SPECIAL RULES.—For purposes of this sec-  
8           tion—

9           “(1) IN GENERAL.—Rules similar to the rules  
10           of subsections (c), (d), and (e) of section 52 shall  
11           apply.

12           “(2) CONTROLLED GROUPS.—

13           “(A) IN GENERAL.—All persons treated as  
14           a single employer under subsection (a) or (b) of  
15           section 52 or subsection (m) or (o) of section  
16           414 shall be treated as a single producer.

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

22           “(3) VERIFICATION.—No amount shall be al-  
23           lowed as a credit under subsection (a) with respect  
24           to which the taxpayer has not submitted such infor-  
25           mation or certification as the Secretary, in consulta-

1       tion with the Secretary of Energy, determines nec-  
2       essary.

3       “(e) TERMINATION.—This section shall not apply to  
4 any vehicle produced after December 31, 2017.”.

5       (b) CREDIT TO BE PART OF BUSINESS CREDIT.—  
6 Section 38(b) of such Code is amended by striking “plus”  
7 at the end of paragraph (32), by striking the period at  
8 the end of paragraph (33) and inserting “, plus”, and by  
9 adding at the end the following:

10               “(34) the natural gas vehicle credit determined  
11       under section 45Q(a).”.

12       (c) CONFORMING AMENDMENT.—The table of sec-  
13 tions for subpart D of part IV of subchapter A of chapter  
14 1 of such Code is amended by inserting after the item  
15 relating to section 45P the following new item:

“Sec. 45Q. Production of vehicles fueled by natural gas or liquified natural  
gas.”.

16       (d) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to vehicles produced after Decem-  
18 ber 31, 2008.

19       **SEC. 6. TAX-CREDIT BOND FINANCING FOR EQUIPMENT TO**  
20                               **MANUFACTURE NATURAL GAS VEHICLES.**

21       (a) IN GENERAL.—Subpart H of part IV of sub-  
22 chapter A of chapter 1 of the Internal Revenue Code of  
23 1986 (relating to nonrefundable credit to holders of cer-

tain bonds) is amended by adding after section 54C the following new section:

**“SEC. 54D. NATURAL GAS VEHICLE PRODUCTION BONDS.**

“(a) NATURAL GAS VEHICLE PRODUCTION BONDS.—For purposes of this subchapter, the term ‘natural gas vehicle production bond’ means any bond issued as part of an issue if—

“(1) 100 percent of the available project proceeds of such issue are to be used for qualified purposes,

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

“(3) the issuer designates such bond for purposes of this section, and

“(4) repayments of principal and applicable interest on financing provided by the issue are used not later than the close of the 3-month period beginning on the date the repayment (or complete repayment) is received—

“(A) to redeem bonds which are part of the issue, or

“(B) for any qualified purpose.

For purposes of paragraph (4), the term ‘applicable interest’ means so much of the interest on any loan as exceeds the amount payable at a 1 percent rate.

1       “(b) QUALIFIED PURPOSE.—For purposes of this  
2 section, the term ‘qualified purpose’ means the making of  
3 grants and low-interest loans for the purpose of assisting  
4 businesses to manufacture natural gas vehicles, including  
5 costs associated with design, engineering, testing, certifi-  
6 cation, and materials and component parts of eligible nat-  
7 ural gas vehicles (as defined in section 45Q(c)).

8       “(c) LIMITATION ON AMOUNT OF BONDS DES-  
9 IGNATED.—The maximum aggregate face amount of  
10 bonds which may be designated under subsection (a) by  
11 any issuer shall not exceed the limitation amount allocated  
12 to such issuer under subsection (e).

13       “(d) NATIONAL LIMITATION ON AMOUNT OF BONDS  
14 DESIGNATED.—There is a national natural gas vehicle  
15 production bond limitation of \$5,000,000,000.

16       “(e) ALLOCATION.—The Secretary shall make alloca-  
17 tions of the amount of the natural gas vehicle production  
18 bond limitation under subsection (d) among qualified  
19 issuers in such manner as the Secretary determines appro-  
20 priate, taking into consideration each State’s contribution  
21 to the Nation’s automotive manufacturing output.

22       “(f) QUALIFIED ISSUER.—For purposes of this sec-  
23 tion, the term ‘qualified issuer’ means any State or any  
24 political subdivision or instrumentality thereof.

1       “(g) TERMINATION.—This section shall not apply  
2 with respect to any bond issued after December 31,  
3 2017.”.

4       (b) COORDINATION WITH PRODUCTION CREDIT.—  
5 Subsection (d) of section 45Q of such Code, as added by  
6 this Act, is amended by adding at the end the following  
7 new paragraph:

8               “(4) COORDINATION WITH NATURAL GAS VEHI-  
9       CLE PRODUCTIONS BONDS.—The cost otherwise  
10 taken into account under this section with respect to  
11 any property shall be reduced by the portion of such  
12 cost which is financed by any loan provided from the  
13 proceeds of any natural gas vehicle production bond  
14 (as defined in section 54D).”.

15       (c) CONFORMING AMENDMENTS.—

16               (1) Paragraph (1) of section 54A(d) of such  
17 Code, as amended by section 4, is amended by strik-  
18 ing “or” at the end of subparagraph (A), by adding  
19 “or” at the end of subparagraph (B), and by insert-  
20 ing after subparagraph (B) the following new sub-  
21 paragraph:

22                       “(C) a natural gas vehicle production  
23       bond,”.

24               (2) Subparagraph (C) of section 54A(d)(2) of  
25 such Code, as amended by section 4, is amended by



1 striking “and” at the end of clause (i), by striking  
 2 the period at the end of clause (ii) and inserting “,  
 3 and”, and by adding at the end the following new  
 4 clause:

5 “(iii) in the case of a natural gas vehi-  
 6 cle production bond, a purpose specified in  
 7 section 54D(b).”.

8 (3) The table of sections for subpart I of part  
 9 IV of subchapter A of chapter 1 is amended by add-  
 10 ing at the end the following new item:

“Sec. 54D. Natural gas vehicle production bonds.”.

11 (d) EFFECTIVE DATE.—The amendments made by  
 12 this section shall apply to obligations issued after Decem-  
 13 ber 31, 2008.

14 **SEC. 7. INCREASED CREDIT FOR PURCHASE OF VEHICLES**  
 15 **FUELED BY NATURAL GAS OR LIQUIFIED**  
 16 **NATURAL GAS; EXTENSION OF CREDIT.**

17 (a) IN GENERAL.—Subsection (e) of section 30B of  
 18 the Internal Revenue Code of 1986 (relating to new quali-  
 19 fied alternative motor vehicle credit) is amended by adding  
 20 at the end the following new paragraph:

21 “(6) INCREASED CREDIT FOR NATURAL GAS VE-  
 22 HICLES.—

23 “(A) INCREASED CREDIT PERCENTAGE.—  
 24 In the case of any natural gas vehicle, the ap-

1 plicable percentage under paragraph (2) shall  
2 be 100 percent.

3 “(B) HIGHER INCREMENTAL COST LIMITS  
4 FOR FLEET PURCHASERS.—In the case of a  
5 taxpayer who places in service 100 or more nat-  
6 ural gas vehicles during the taxable year, para-  
7 graph (3) shall be applied for such year by dou-  
8 bling the amounts contained in such paragraph.

9 “(C) NATURAL GAS VEHICLE.—For pur-  
10 poses of this paragraph, the term ‘natural gas  
11 vehicle’ means any new qualified alternative fuel  
12 motor vehicle fueled by natural gas or liquified  
13 natural gas.”.

14 (b) EXTENSION OF CREDIT FOR ALL NEW QUALI-  
15 FIED ALTERNATIVE FUEL VEHICLES THROUGH 2017.—  
16 Paragraph (4) of section 30B(j) of such Code is amended  
17 by striking “December 31, 2010” and inserting “Decem-  
18 ber 31, 2017”.

19 (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to vehicles placed in service after  
21 December 31, 2008, in taxable years ending after such  
22 date.

23 **SEC. 8. NATURAL GAS VEHICLES IN FEDERAL FLEET.**

24 The General Services Administration, in consultation  
25 with the Environmental Protection Agency, shall conduct

1 a study on whether or not the Federal fleet should in-  
2 crease the number of natural gas vehicles in their fleet,  
3 and transmit to the Congress a report on the results of  
4 that study.

5 **SEC. 9. NATURAL GAS FUEL PUMPS.**

6 (a) REQUIREMENT.—Not later than January 1,  
7 2018, each retail automotive fueling station owned by a  
8 major integrated oil company shall have at least 1 pump  
9 dispensing natural gas for automotive purposes.

10 (b) PENALTY.—A major integrated oil company that  
11 has failed to comply with subsection (a) as of January 1  
12 of any year beginning with 2018 shall be liable for a civil  
13 penalty assessed by the Secretary of Energy in the amount  
14 of \$100,000 for each fueling station not in compliance.

15 (c) DEFINITION.—For purposes of this section, the  
16 term “major integrated oil company” has the meaning  
17 given that term in section 167(h)(5)(B) of the Internal  
18 Revenue Code of 1986.

○