

111TH CONGRESS  
1ST SESSION

# H. R. 385

To amend the Internal Revenue Code of 1986 to provide tax incentives to consumers and lenders for the purchase of a passenger vehicle during 2009.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 9, 2009

Mr. ROGERS of Alabama (for himself, Mr. PASCRELL, Mr. CANTOR, Mr. CAMPBELL, Mr. ADERHOLT, Mr. BACHUS, Mr. WESTMORELAND, Mr. TIBERI, Mr. BONNER, Mr. DAVIS of Alabama, and Mr. MCCOTTER) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide tax incentives to consumers and lenders for the purchase of a passenger vehicle during 2009.

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 “Consumer Auto Relief  
5 Act of 2009” or the “CAR Act of 2009”.

1 **SEC. 2. TAX INCENTIVES TO CONSUMERS AND LENDERS**  
2 **FOR THE PURCHASE OF A PASSENGER VEHI-**  
3 **CLE DURING 2009.**

4 (a) IN GENERAL.—Part VII of subchapter B of chap-  
5 ter 1 of the Internal Revenue Code of 1986 (relating to  
6 additional itemized deductions for individuals) is amended  
7 by redesignating section 224 as section 225 and by insert-  
8 ing after section 223 the following new section:

9 **“SEC. 224. INCENTIVES TO CONSUMERS AND LENDERS FOR**  
10 **THE PURCHASE OF A PASSENGER VEHICLE**  
11 **DURING 2009.**

12 “(a) DEDUCTION FOR CONSUMER PURCHASES.—In  
13 the case of an individual, there shall be allowed as a deduc-  
14 tion an amount equal to the purchase price of any quali-  
15 fied vehicle placed in service by the taxpayer during the  
16 taxable year.

17 “(b) DOLLAR LIMITATIONS.—The deduction allowed  
18 by subsection (a) with respect to each qualified vehicle  
19 shall not exceed—

20 “(1) \$7,500 if such vehicle is placed in service  
21 during the 90-day period beginning on the date of  
22 the enactment of this section,

23 “(2) \$5,000 if such vehicle is placed in service  
24 during the 90-day period beginning on the day after  
25 the period described in paragraph (1), and

1           “(3) \$2,500 if such vehicle is placed in service  
2 after the period described in paragraph (2).

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

4           “(1) QUALIFIED VEHICLE.—

5           “(A) IN GENERAL.—The term ‘qualified  
6 vehicle’ means a motor vehicle which is a pas-  
7 senger automobile or a light truck—

8           “(i) the original use of which com-  
9 mences with the taxpayer,

10           “(ii) which is acquired for use or lease  
11 by the taxpayer and not for resale,

12           “(iii) which is made by a manufac-  
13 turer, or

14           “(iv) which is placed in service by the  
15 taxpayer on or after the date of the enact-  
16 ment of this section and before January 1,  
17 2010.

18           “(B) EXCEPTIONS.—Such term shall not  
19 include—

20           “(i) property referred to in section  
21 50(b)(1) (relating to property used outside  
22 the United States), or

23           “(ii) property of a character subject to  
24 the allowance for depreciation or amortiza-  
25 tion.

1           “(2) MOTOR VEHICLE.—The term ‘motor vehi-  
2           cle’ has the meaning given such term by section  
3           30(c)(2).

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

11          “(d) DEDUCTION FOR CONSUMER LOANS TO PUR-  
12          CHASE QUALIFIED VEHICLES; EXCLUSION FROM LEND-  
13          ER’S GROSS INCOME.—In the case of interest on any loan  
14          secured by a qualified vehicle and used by the purchaser  
15          to purchase such vehicle—

16                 “(1) such interest shall not be treated as per-  
17                 sonal interest for purposes of section 163(h), and

18                 “(2) the gross income of the lender shall not in-  
19                 clude 50 percent of such interest received or accrued  
20                 on such loan during the taxable year.

21          “(e) DEDUCTION FOR STATE AND LOCAL SALES  
22          TAXES.—In the case of a purchase of a qualified vehicle,  
23          there shall be allowed as a deduction the amount of gen-  
24          eral sales taxes (within the meaning of section 164(b)(5))  
25          paid or incurred during the taxable year on such purchase.

1 “(f) SPECIAL RULES.—

2 “(1) REDUCTION IN BASIS.—For purposes of  
3 this subtitle, the basis of any property for which a  
4 deduction is allowable under subsection (a) shall be  
5 reduced by the amount of the deduction so allowed.

6 “(2) RECAPTURE.—The Secretary shall, by reg-  
7 ulations, provide for recapturing the benefit of any  
8 deduction allowable under subsection (a) with re-  
9 spect to any property which ceases to be property el-  
10 ible for such deduction (including recapture in the  
11 case of a lease period of less than the economic life  
12 of a vehicle).”.

13 (b) DEDUCTIONS ALLOWED WHETHER OR NOT TAX-  
14 PAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a)  
15 of section 62 of such Code is amended by inserting after  
16 paragraph (21) the following new paragraph:

17 “(22) DEDUCTIONS RELATING TO PURCHASE  
18 OF PASSENGER VEHICLE DURING 2009.—The deduc-  
19 tions allowed by subsection (a), (d), and (e) of sec-  
20 tion 224.”.

21 (c) CONFORMING AMENDMENTS.—

22 (1) Subsection (a) of section 1016 of such Code  
23 is amended by striking “and” at the end of para-  
24 graph (36), by striking the period at the end of

1 paragraph (37) and inserting “, and”, and by add-  
2 ing at the end the following new paragraph:

3 “(38) to the extent provided in section  
4 224(f)(1).”.

5 (2) The table of sections for such part VII is  
6 amended by redesignating the item relating to sec-  
7 tion 224 as relating to section 225 and by inserting  
8 after the item relating to section 223 the following  
9 new item:

“Sec. 224. Incentives to consumers and lenders for the purchase of a passenger  
vehicle during 2009.”.

10 (d) **EFFECTIVE DATE.**—The amendments made by  
11 this section shall apply to taxable years ending on or after  
12 the date of the enactment of this Act.

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